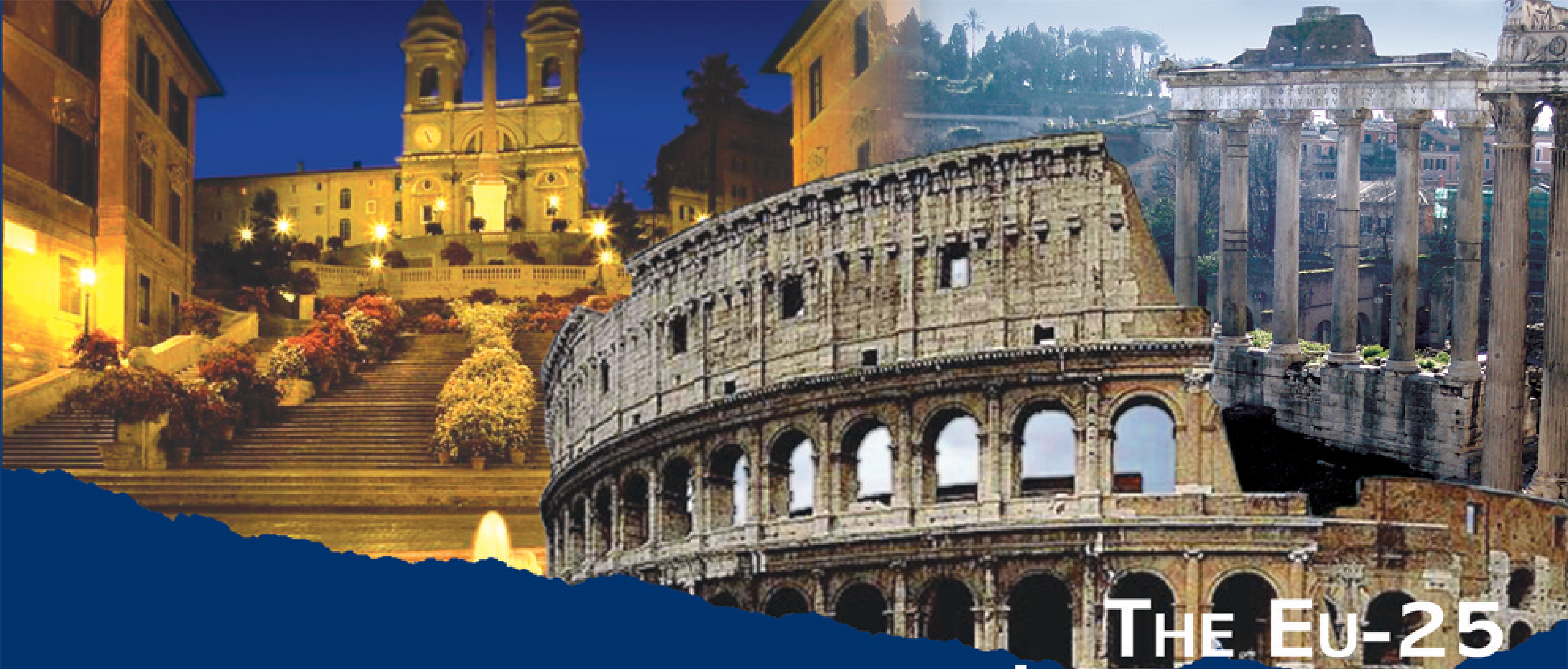

THE EU-25 IN THE INTERNATIONAL MEAT MARKET

International Meat congress

IMS/OIV/OPIC
Regional Conference

CONFERENCE PROCEEDINGS

ROME
12/14 October 2005

Hotel St. Regis Grand

Organized by

ASSOCARNI
Italian Meat Industry Association

INTERNATIONAL MEAT SECRETARIAT
Oficina Permanente Internacional de la Carne
Office International de la Viande

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INDEX

EU CATTLE AND PIG PRODUCTION: THE COST OF REGULATORY MEASURES

Jean-Claude Guesdon
Manager of the Department of Economics, Institut de l'Elevage

Text under construction

Curriculum

Slides

Back
to index

EUROPEAN MEAT COMPANIES: A NATURAL CONSEQUENCE OF EU INTEGRATION

Gerard Janssen
Vice Chairman Executive Board of Vion Food Group

Sheet 2:

I have the pleasure of speaking to you, in the short time I have been allowed, about how the structure of the meat industry in Europe is changing, and of the ensuing challenges, opportunities and developments that lie ahead and that we will need to keep track of.

I would like to focus on the following main issues:

Globalisation and internationalisation

Consumer attitudes in relation to: food safety, compliance with animal welfare requirements, innovative and fair priced products; absolute "musts" if we are to maintain interest on the part of consumers.

The need to establish close co-operation relationships with our partners (clients and suppliers), in order to achieve greater value and improved results at all stages of production.

Sheets 3 / 4

The meat industry in Europe in recent years has been working to bring competitiveness and vitality to the sector. Considerable investments, mergers and acquisitions have been made, with large shake-ups and disinvestment, as well. We have tried to consolidate within the industry in order to achieve the best possible economies of scale, and the European companies resulting from this process can boast enhanced market competitiveness.

We needed and asked for specialisation and improved productivity; together with our suppliers, we reached these goals, at the same time showing utmost respect for the environment. We have done our very best to increase our presence in Europe and to be closer in closer contact with the market. This has enabled us to gain logistical advantages and reduce costs.

We have made and are making great efforts to increase the number of new partnerships in order to develop and obtain improved results together with our suppliers and, through our marketing and innovation policy, to monitor and create new products together with our customers. Of course, the growth of international trade must induce us to be more attentive and stringent on animal welfare and to exercise greater controls in order to avoid the spread of epidemics.

Sheet 5:

Today's consumers are small families. Both parents work nowadays. The number of elderly people is increasing, too. Modern consumers give growing importance to their well-being, to their lifestyle. Our job is to turn these desires into products.

Back to index

We need:

Responsibility and a demanding ethical code in food production, directed towards respecting the environment and animal welfare.

Higher food safety standards, combined with quality and fair prices.

Last but not least: value for money

Innovation and marketing play an ever more important role within our companies. Only European companies with a solid financial situation can today venture to innovate and support the development of finished products, at the same time entering into long-term co-operation programmes with the agricultural sector. We have introduced quality programmes, such as IKB-QS, which will be brought to the highest level within the European Community; systems for the slaughtering industry include NEN-ISO, HACCP, BRC.

Sheet 6:

The large European distribution chains have not only grown within the Community market but have become leading world players, as well. Their purchasing strategy is global. Because of their commercial organisation requirements, their products, including private labels, reach every country in which they are present. Europe's largest retailers are well-represented among the world's top ten. German hard discounters (ALDI, LIDL) have expanded their international presence and occupy ever more prominent positions in the world marketplace.

The restaurant segment is constantly evolving, as it must keep up with today's consumer trends. We intend taking first place and offering our partnership to establish strong and lasting relationships.

Sheet 7:

Our clients' activities have developed worldwide. The major supermarket chains control 75% of the market. Food service, catering and restaurants tend to concentrate more and more. We have considerable production capacity and flexibility; this allows us to meet market requirements promptly and to offer a vast range of products.

Outside Europe, for example in the USA, meat companies (Tyson, Smithfield, Conagra) are seeking new market outlets and are also looking towards Europe for this.

Vion is looking to extend its international presence, though without forgetting the strong relationship and collaboration it wants to maintain both with its suppliers and its customers.

Sheet 8:

As a European company, Vion is open to more liberal commercial policies in agriculture.

We are capable of adapting to the new strategies of Community agricultural policy, such as decoupling.

We cannot afford to forget the importance of the meat industry in Europe.

With over three million people employed, plus those working in agriculture and connected activities, Europe's vocation for agriculture cannot be allowed to decline.

The reduction in import support and the total or partial elimination of export subsidies opens commercial outlets for the new producer countries.

The continuing decline in livestock numbers is keeping the younger generations away from agriculture. We see many holdings closing down. This must stop. We must devise a scheme in Europe to stop this negative trend and carry on our future activities in a context of stability.

Agriculture must comply more and more with Community Directives on the environment, food safety, safety in workplaces. Agriculture must also face new international trade challenges posed by countries with strong production capacity and export orientation. Yet these countries, too, will have to comply with our Directives and regulations in order to export meat to Europe. Once the WTO makes its decisions in its upcoming session at the end of the year, the existence of a healthy and competitive agricultural sector in Europe will be indisputable. An agricultural sector with

Back to index

a class of entrepreneurs that has made enormous strides in recent years, thanks also to new scientific knowledge and the implementation of new technologies.

Sheet 9:

The demand and consumption of meat and meat products will in the long run depend on population growth. The world population is expected to increase at an annual rate of 1% over the next ten years. Economic growth over the same period is estimated at 3%. These two factors will give rise to greater demand for meat and, consequently, to an increase in international trade. The greatest increase in demand will be in countries such as China, India, Japan, Russia, who will therefore need to import more meat. With regard to pork, Brazil, Canada and the old EU-15 Member States, as well, will be exporting more. Increased beef consumption will have a positive impact for Brazil, Argentina and Australia, whilst we in Europe, unfortunately, shall be unable to benefit from this because of our growing cattle herd deficit and the consequent need to purchase more meat from outside Europe.

Sheet 10:

Vion Food Group is a company to be reckoned with in the EU. We are Europe's top beef slaughterers and processors. In two years we shall be Europe's second-ranking organisation in the pork industry.

Through the merger of Europe's four largest companies and probably with a fifth on its way (Bruxelles), we have strengthened our position in Germany and the Netherlands, and in the traditional markets of Northern and Southern Europe, as well.

By making the most of the know-how and expertise of all the companies in our Group, both in pork and beef, we have managed to pool and coordinate resources and thus consolidate and expand in Eastern Europe, Asia, Australia and South America.

Most important of all, however, is that the Vion Group aims at playing a winning role for the benefit of suppliers and clients alike. Together we can build a better image for meat and meat products and convey a true passion for healthy eating.

Consumers demand: Safety, Quality, Innovation.

We are certain that we can satisfy them.

Sheet 11:

Growth counts!

We want assume our responsibilities towards the market. This is our vision:

To have the capability of supplying the most important distribution channels.
To be consumer-oriented.
To be competitive.
To have a strong presence in the international food trade.
To have a greater presence in the food production process.

Objectives are important, of course.

Our vision, our international structure are intended to ensure consistently successful results in a long-term perspective. Each entrepreneur in the production chain must be able to look ahead with determination in order to achieve his objectives.

We will need strong support from European agricultural policy.

Curriculum

Slides

Back to index

THE EUROPEAN DISTRIBUTIVE TRADE AND THE MEAT MARKET IN THE EU-25

Riccardo Chiriatti
Fresh Products Director Carrefour Italia

Curriculum

Back
to index

MINCED MEAT MARKET: INTERNATIONAL AND EUROPEAN PERSPECTIVES

Gary Johnson
Senior Director of McDonald's Worldwide Supply Chain

Gabriele Buettner
Purchasing Director of McDonald's Europe

Curriculum

Curriculum

Back
to index

EUROPEAN VEAL: THE REAL WHITE MEAT

Jos Ramekers

Chairman of PVE, Dutch Board For Livestock, Meat and Eggs

Mr. Chairman, ladies and gentlemen,

SHEETS 1- 2

It is with great pleasure that I have accepted your invitation to speak at this Congress.

I say "pleasure" because this gives me the opportunity to highlight a sector that has not received much attention in our IMS events until now: the veal sector.

Or, to put it in IMS terms: a sector that is, in fact, only represented regionally.

Since most of the world's veal production takes place in Europe, this regional, or European, IMS conference is an ideal opportunity to give some more information on this sector. And it's an even greater pleasure for me to do this in the capital of one of the biggest veal-consuming countries in Europe and in the rest of the world.

SHEET 3: veal production figures

As I said, veal is a typically European product. However, veal production is not only unequally distributed world-wide, but also within Europe itself.

These figures refer to the production of veal in Europe in 2004.

As you can see from these figures, the 5 main veal-producing countries: France, the Netherlands, Italy, Belgium and Germany, are responsible for 85 % of the total EU-25 production of white veal.

And of these 5 countries, France, Italy and the Netherlands collectively represent three-quarters of the total EU veal production.

EU VEAL PRODUCTION 2004

	2004 ('000 t)	In %	per capita consumption
France	238		4,5 kg.
Netherlands	198		1,5 kg.
Italiy	147		3,8 kg.
		75%	
Belgium	48		no figures available
			(estimation: 2-2,5 kg.)
Germany	42		1 kg.
		85%	
EU-15	756		
EU-25	783		1,7 kg.

Back to index

These figures also show that the enlargement of the EU did not have a significant impact on the overall EU production. The 10 new Member States only contribute 4% to the actual EU production.

Most of the veal produced in the EU Member States is consumed within Europe itself. French and Italian consumers in particular have developed a tradition of consuming white veal. The annual per capita consumption in these two countries is about 4 kilograms.

The veal trade in the EU is actually quite simple in its structure. Since Italy, France and Germany are deficit markets, these countries are big importers of veal.

On the other hand, the Netherlands has a significant surplus production, and is therefore the main exporter within the EU. In 2004, the Netherlands exported 190.000 tons. Of this 40% was exported to Italy, 21% to France and 22% to Germany.

Besides the Netherlands, Belgium also exports about 25.000 tons of veal to the same destinations.

Only a relatively small, but nonetheless interesting, part of the EU's veal production is exported to third-country markets.

As in Europe, most of the companies exporting veal to markets outside the EU are Dutch.

The Middle East has always been an interesting market for Dutch veal exporters. However, import restrictions due to BSE have significantly reduced exports to this region, as well as to many other destinations.

This is regrettable, since the BSE risks for de-boned meat are negligible, especially for veal.

BSE has never been found in animals less than 12 months old. We do hope, however, that thanks to the recently modified recommendations of the OIE for BSE, the prevailing import bans for BSE will soon be lifted.

In this respect, I would like to invite national veterinarian authorities all around the world to bring their import conditions into line with the OIE recommendations.

This also applies to the US, which banned imports of European veal 8 years ago due to BSE.

During the last 10 years, the level of veal production in Europe has somewhat decreased. However, before that time veal production in the EU developed rapidly. In fact, veal production as we know it today is a fairly recent production system. Or at least, relatively recent for someone of my age.

SHEET 4

A key element for shaping the present veal industry was the introduction of so-called milk substitutes by a number of Dutch companies in the 1950s. Veal production originally started on local farm level and on low scale. Thanks to this **milk substitute,** based on skimmed milk powder and whey powder, the veal sector could rapidly develop into a professionalised and specialised sector. The rearing of veal calves in the early days, therefore, can no longer be compared in any way with the present way of rearing veal calves.

SHEET 5

Nowadays calves are kept in spacious, well-ventilated and well-lit stables. They are kept in groups, so they can perform their natural behaviour. Their feed is well balanced, based on energy and protein, with added vitamins, minerals and iron. They also receive a significant daily ration of fibrous feed.

SHEET 6

The European veal production has undergone significant changes in a relatively short time. Not only at individual farm level, but also the industry as a whole. More than any other meat sector, Mr Chairman, the veal sector has undergone many radical changes.

More than any other sector, the veal sector has been confronted with the extensive demands of society.

And more than any other sector, the veal sector has succeeded in meeting these demands throughout the years. With regard to animal welfare. And with regard to food safety.

SHEETS 7 - 8

Probably the biggest change within the EU veal industry has been the transition from individual housing into group housing. For many years, the industry is having dialogues with animal welfare groups and national and European authorities. In the first instance, this dialogue resulted in wider boxes and later in a total ban on the housing of

Back to index

calves in individual boxes within the European Union. This regulation, enforceable in the whole EU, was introduced in 1994 and after a transitional period, it came into full force in 2004. So ever since 2004, individual boxes for rearing veal calves are no longer allowed within the EU. The same European welfare legislation also demands that calves be fed according to their physiological needs. Their feed must contain sufficient iron and fibre in particular.

SHEET 9

European society and European consumers have also strongly demanded the prohibition of growth hormones. Because of this public concern, EU legislation has now totally banned the use of hormones and other types of growth promoters. This legislation also ensures intensive monitoring of the non-use of these products by the national authorities.

In addition to this, in the European veal industry, many parties have assumed their own responsibility by establishing self-control systems.

SHEET 10

In the Netherlands, the veal industry as a whole has established the **SKV**, the Veal Sector Quality Guarantee Foundation, an organisation whose job is to guarantee the quality of veal. Almost all Dutch veal comes under this control scheme. In this respect, we can guarantee that our veal is, above all, safe. In this way, we can offer additional certainty and confidence.

We achieve this by a strict and independent supervision of the entire production chain.

SHEET 11

From the feed, through the veal farmer right up to the slaughterhouse.

This is done by inspection of the feed and by inspection of all calves and calf feed. At the feed manufacturer's, the basic materials and additives, as well as the administration, are inspected.

At the farm, the feed is once again inspected, and besides this, blood samples are taken for examination, as well as samples of the calves' manure.

At the slaughterhouse, both carcasses and organs are inspected.

SHEET 12

Therefore, Dutch SKV veal is second to none in terms of monitoring and inspection.

Another important aspect for the European consumer is the tracking and tracing of the product.

Full traceability of veal, animals and animal feed is essential in order to guarantee the origin of the products consumers buy. But it is also indispensable for tracing back in case of any problems with the product in question.

SHEET 13

Although there are many systems in operation, I'd like to give you one example: Veal Vision, an advanced system we have installed in The Netherlands. The system is based on an ear tag for each individual animal with specific, individual information, as prescribed by EU legislation.

Ear tag and animal stay together throughout the entire process. This is the basis of the Tracking and Tracing system.

In the Veal Vision system, the information contained on this ear tag is transferred to the slaughter hook along with the animal, and finally to the crate with veal cuts on its way to the client. In this way, it is possible to trace the product back from the point of sale to the actual calf the meat comes from.

SHEET 14

In practice, it works as follows.

By entering the calf ID-code details of the calf will be released, such as its date of birth, colouring and weight, information about the slaughterhouse, the location of the farm, and information about the veal farmer. In this way, the client can make the virtual acquaintance of the veal farmer.

Back to index

Ladies and gentlemen, as I have already said, the European veal sector is in many respects a leading sector, internationally speaking.

A leading sector in terms of animal welfare, food safety, and tracking and tracing. And a leading sector in terms of responding to the continually changing demands of society and consumers. The veal industry's integrated structure enables us to achieve our goals.

The feed manufacturers. The veal farmers. And finally, the slaughtering and processing industry. This results in close co-operation throughout the entire production chain. And it makes the European veal industry unique and sets an example for others.

Not only is the veal sector an example for other sectors, but it also contributes in a positive way - both directly and indirectly - to the economic position of a number of other agricultural sectors. By using the calves that are not needed for replenishing the dairy herd, and by using skimmed milk powder and whey powder – by-products of butter and cheese production – the veal sector contributes 4 Eurocent to the value of one litre of milk for the dairy farmer. In addition, the veal sector plays an important part in balancing the EU market for beef.

By using the calves not needed for dairy purposes, these calves are used for veal and not beef production. Reduced veal production in the EU would therefore directly result in increased beef production, as well as significantly lower beef market prices in consequence.

Furthermore, this would lead to a greater overall meat production, since the meat production per animal would in that case be much higher.

SHEET 15

I would like to end my presentation at the end of the veal production chain. In other words, the veal on your plate, ladies and gentlemen. Because the veal industry's highest trump card is the final product itself. The greatest strength of the sector.

As a result of its milk-based diet, the meat of veal calves has a light-pink colour and a subtle flavour.

Veal is tender, juicy and lean, and easy to digest. In this way it lends itself perfectly to many different types of meals and diets.

As we have said, veal is a meat that lends itself perfectly to many different dishes.

SHEET 16

In view of all this, it is in fact surprising that such a commercially interesting product with all these beneficial qualities is not yet protected by a product definition. Such a product definition would prevent other products, which lack the beneficial qualities of veal, being sold under this name on the European market. So we are pleased that a definition for white veal for the whole EU is actually being discussed. And we hope that a decision in this respect will be taken soon, in order to guarantee that when consumers buy veal, they get the genuine article.

Mr. Chairman, ladies and gentlemen, I have come to the end of my presentation and would like to go back to where I started. I hope that I have indeed been able to shed sufficient light on the veal sector for all of you. And that not even the least little bit of darkness concerning this authentic white meat product remains. I hope you will conclude with me that the future of white veal in Europe is a bright one. Thank you.

Curriculum

Slides

Back to index

EU PORK PRODUCTION AND EXPORT OPPORTUNITIES

Kjeld Johannesen
CEO of Danish Crown

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Curriculum

Slides

Back
to index

THE DOHA ROUND AND THE WORLD MEAT MARKET

Nancy Morgan
Secretariat for FAO's Intergovernmental Group on Livestock, Meat and Dairy Products

Text under construction

Curriculum

Slides

Back
to index

OPPORTUNITIES FOR THIRD COUNTRY SUPPLIERS - NOW AND THE FUTURE

Malcolm Harvey

Regional Manager Europe for Meat & Livestock Australia

Thank you Mr. Chairman, if you are looking to make up some time I'd be quite happy to sit down now. Thank you very much for the invitation to speak and I look forward to the next two days. In fact, when I was invited to speak the topic was to be "Meat opportunities in the new Europe for Australia", but I notice in the brochure that you've got in there's talking about third countries suppliers, so you have to excuse me, my presentation is being built around the opportunities for Australia, but I'm sure that most of those points that I make will be relative to other third countries suppliers. I just thought I'd cover very briefly the Australian red meat industry, an overview of the European market in the projections and the coming out of that some conclusions some of which have already been covered earlier today, our trade in the ten members that joined the European Union last year, I'd like to cover briefly the WTO article 24/6 negotiations, I'm going to look the opportunities in the EU-10 and then opportunities particularly for our Australian beef lamb and mutton exporters.

If I can drive this thing we'll get there. Excellent.

Ok, an industry overview of Australia. We have something like about 9 billion dollar a year industry which sort of pales into insignificance, looking at some of the figures that have been bandied around this morning. But it is extremely important to us. Our exports are around 4 billion dollars, and as my chairman said the other day, we're not recreational exporters, we're professional exporters. Something like 65% of our beef production is exported, 50% of our sheep meats. So we are certainly in there in a very professional basis. We export to over a hundred countries around the world and it's just over a hundred million tons of beef was exported on a ship weight basis. Last year, something like 250 thousand tons of mutton and lamb, and 123 thousand tons of offals were exported in that period. Industry overall employs about 300 thousand people around Australia, and there's about 100 thousand farms that you would classify as professional farmers. So, our industry is built around export. Some of the things from our point of view in relation to the EU is that our sheep meat exports to the EU only account for about 8% of the total exports, and in fact it really on an EU consumption bases it's 1.4%. So, it's not a great deal, and it was lovely to see that lamb at lunch today, and I'm sorry for our gentleman down here, who was looking for veal, the lamb was pretty delicious. Australia's sheep meat quota is 18,650 tons out of, about 270 thousand tons that is available to be imported into the EU. We have a high quality beef, country specific quota of 7 thousand tons, and that's our only country specific quota within the beef sector, which in fact represents less of 1% of our beef exports. We have seen the figures earlier today on beef imports at full levy, which are increasing, and for 9 months it was 131 thousand tons, carcass weight equivalent. So that's a significant amount of the beef import coming in under that category. We have a small quantity also coming from Australia in that area, but it's generally the Wagyu beef of e very high quality beef that doesn't fit within our high quality beef specification.

Back to index

We've got the impact of CAP reform, we've seen some of these figures predicting the further reduction in beef production, and again EU has about 96% self-sufficiency. The impact of the EU expansion under WTO Article 24.6, which we will touch on a little bit further. This graph up on the screen, I took from the Commission website, and I just like to take a couple of things out of it, and essentially you look at what's going on with production, it's forecast by the Commission to decrease, but my travels around Europe clearly indicate that these are pretty conservative estimates on reductions in production, and most people would think it will go further down than that. In terms of imports increasing, I was very interested to listen to Mr. Janssen this morning talking about these increases happening in terms of quotas etc, in a quite short timeframe I'd like to think they were, my friends at the Commission don't seem to think so, when I meet them anyway. Consumption in Europe is forecast to slightly decline and I find it a little bit interesting in terms of beef and particularly for the EU members, the new members where it is forecast to decline, I would have thought it would have gone up with, as those economies improved. In terms of sheep meat, it is pretty stable across the board, we see a little change throughout that period, the Commission talks about slight increases in sheep meat imports, we think there's a great deal of need for increased imports there are consumers out there that want the product and I disagree with the fact that the Commission forecast only very slight increases in the new member states in terms of sheep meat consumption. One of the areas we've been looking at, is a study being put up by the UK Food and Drink Federation which is looking at the costs of production in the manufacturing sector, and we've just pulled a couple of sectors of that out, and looked at pig meat, poultry, beef and sheep meat prices in the EU compared to the rest of the world from the manufacturing viewpoint, and you can see that the EU is certainly, with prices, far higher than world prices. That's during 2004. And that has some concerns I think for the producers in the manufacturing sector. If we look at that, the raw material costs are above world prices, and the list from the Food and Drink Federation really shows even greater distortion to some of the other ingredients used in manufacturing. Currently the import regimes for beef place products in the what I like to call "silos", we've got a high quality beef quota, we've got a GATT frozen quota, we've got a ITQ A&B and so on, and I think Nancy Morgan said they were 24 of these within the EU. And yet, if you look at it from a manufacturing viewpoint there's no real ability to import fore quarter meat for growing demand, under any of these regimes. In fact if you look at other import regimes around the world, the EU is in my mind out of step. Consumption of red meat in the EU ten in terms of beef is largely in a processed form, so how do these current import regimes cater for those needs.

Now if you look at what we've done from an Australia viewpoint within these members over the years it's been quite interesting since the mid 1970s, and we've had I guess history of trade which has been up and down, and it's been brought about by pricing, lack of import permits in some of these member states, the health for the Russian economy made a huge impact from the crisis in 1997, and there have been some preferential arrangements with the EU that have made trade quite difficult. To illustrate that, I go back to 1996 when we had a pretty hefty amount of beef going into countries like Poland and Hungary, which was being manufactured for markets in the Russian, market. In 1998 it was slightly less but again with products going to countries like Hungary and Estonia and Poland, and from our point of view they were pretty healthy markets. 2001 we were back to no beef, going into or very little going into there, but a steady stream of lamb going to Cyprus and Malta. So Australian meat has had an history in the, EU ten member states.

Turning to the WTO article 24.6 negotiations, this in fact is the system set up to compensate for these new members coming into a new customs regime. It is a tool of trade out of the WTO, the current negotiations have set a three years reference period from 2000 to 2002, 2003 was excluded much to our chagrin in the meat industry, because we had some fairly nice performances into countries like Poland, although our sugar industry in Australia is quite happy with the reference period because they've done well out of it. Now, Nancy spoke about bound rates of duty, and under its rules all compensation is based on bound rates and those in fact in most of cases were higher in those member states than they are in the EU. So this means for us that Cyprus and Malta performance was excluded. In fact, when we look at what the negotiations have done today, they do not reflect the level of trade, and we think that's quite an injustice. And I was looking at some figures the other day and I came across something that I though it was very interesting. Our current offer on sheep meat is about half, the illegal imports of meat recovetred by UK customs this year, so that's quite an outstanding piece of information.

Back to index

Looking at opportunities in the EU ten, I would think and everyone would think based on what's happened when other members have joined in recent times, economic conditions have improved for them so we can expect similar things to go forward in the new EU ten. Although I do note that economic conditions throughout Europe are probably less buoyant than they were in those times when those other countries joined, but there would be an expectation that those economies will improve. There is significant investment going on within these new 10 member states. We believe that consumption of beef and lamb is forecast to improve with this economic growth. There is the impact of the common agriculture reform on livestock populations in those countries as well. And one vital point that happened with the CAP reform, which we applaud, and it is this, there's been no movement going on in TRQ expansion in terms of market access, so that's one area that hasn't been addressed in this CAP reform. Beef pricing in the short term will be competitive with supplies from South America, and that's something that needs to be borne in mind. If you look at these new ten members there's tremendous investment going on as I said, and perhaps just picking out a couple of member states, we look at the expansion of the EU retailers, these are very slick well professionalized retailers from these main member states branching out into these new ten EU members. And look at that list in front of you, they're all there, the key players, the CARREFOURs, the METROs, the TESCOs, they are all there in a big way. In countries with not big populations but a very significant presence, except for Poland which is quite highly populated and most of those retailers are there. But this presents a few problems or challenges for these retailers, there is a low grocery spend per capita currently, you have these countries moving from an overnight change coming from the mum and pop corner stores into the hypermarkets in many cases. Perhaps, I might be a little harsh in saying this, but less economic and perhaps political stability in a couple of those states, the business sector is a little bit more underdeveloped, and the financial sector and there is the price sensitivity of shoppers, there is a competitive pressure from international retailers there, and it's a prime target for the hard discarders. And overall I think there is perhaps an undeveloped logistics infrastructure in the short term, but those things are set to change as these countries prosper by joining the EU ten. So that's the challenges for those retailers.

Opportunities for Australia. At the moment, until this article WTO 24.6 is complete, our current imports into those new member states have to share the same sales power as the other big members of the EU 15. We're looking for a substantial increase in market access through the WTO Doha development agenda, and to achieve the Doha mandate: substantial increase in market access. But I wonder, given all the noises coming out whether that is realistic expectation. We have consumers here that rate our product highly, both for traceability, food safety, year round supply, great taste and flavour. We've got currently in our beef sector in Australia record beef prices, which are being driven by the market in Japan and Korea, but we would expect those prices will decrease once the US re-enters this North Asian markets, and that should take place I think at the end of December/early 2006, so that will be to the advantage of consumers in this market. And lamb imports only work within the current TRQ arrangements, out of quota levies are just so high, it's totally unworkable.

So, in conclusion Mr. Chairman, Australia has the product to meet the EU ten's growing needs, our current access arrangements stifle imports, and the potential growth in consumption for consumers within those member states, enlargement must account for previous trade flows in our opinion, and again I repeat it will take a substantial result on market access for consumers in the EU ten to enjoy Australian red meat products. And I thank you Mr. Chairman.

Curriculum

Slides

Back to index

BRAZILIAN BEEF IN THE INTERNATIONAL MARKET

Marcus Vinicius Pratini de Moraes

President of ABIEC, Brasilian Beef Export Industries Association

Dear President, Ladies and Gentlemen

It is a great honor and privilege to be here with you as President of the Brazilian Beef Exporters Association.

After actively working in the public sector for a long time - three times as Secretary of State and twice as a parliamentarian - I have now returned to the private sector. This is where I began my career, and I am deeply committed to the objectives and ethics of this sector.

The last few years have been good years for the Brazilian agribusiness. We have taken advantage of favorable international market conditions and have pushed our productivity and our exports to unparalleled levels.

Thanks to research and technological development efforts, Brazil has been able to transform its abundant natural resources in wealth, employment and foreign exchange. The country is now the planet's leading producer of tropical technology. Examples include new soybean and cotton varieties cultivated in regions close to the Equator, and the improvement of African grass and Indian zebu cattle for meat

I will be sharing with you some relevant facts and statistics which will help you to make a clear and up-to-date assessment of what we have accomplished so far and what we hope to achieve in the near future.

Let me just say that in the last five years the growth of the Brazilian economy has been largely driven by agribusiness and more specifically by our ability to continually increase our exports often in the face of stiff protectionist practices. I'll come back to this point later.

The European Union remains Brazil´s largest trading partner. The North American, the Asian and the Mercosul markets follow rather closely each with very significant tradeflows as Brazil´s foreign trade maintains a considerable and desirable geographical balance. Brazil has become truly a global trader.

Not only are we- Europeans and Brazilians- major partners but we are old partners as well and there exists between us longstanding avenues of negotiation and communication well traveled by our negotiators, our economic agents and by the exporters, importers and businessmen on both shores of the Atlantic.

May I give you the outline - in very broad terms - of this relationship. The EU is our largest trading partner and accounts for 27% of our exports and 40% of our beef exports. The EU is also the largest foreign investor in Brazil. All major Europeans firms, banks, cars, electricity, engineering and machinery, chemicals, communications, electronics or retail, operate in Brazil. Total trade between the EU and Brazil reached U$ 40 billion in 2004. Brazilian agribusiness accounted for 56% of our exports to Europe (US$ 24 billion).

Let me now turn to what brings me here and to what should be the main thrust of my presentation.

Brazil has become over the last few years the world´s largest beef exporter. In the recent past we have been trading places with Australia as to which country should occupy the pole position but trends show that Brazilian is

Back to index

likely to consolidate its position as the number one exporter, as we have the possibility to vastly increase our production by utilizing huge areas of available grasslands quite appropriate to produce beef.

Ours, however, will not solely be a quantitative increase in production figures. We will further pursue productivity gains by improving the quality of our pastures and by developing better genetics and related technologies to further increase our competitive edge and to ensure that food security remains at the heart of our projects and as our number one concern.

On the external front we will seek to redress unfair treatment and to overcome market access obstacles and protectionism in its many disguises as sanitation and protectionism by negotiations and, as the case may be, the judicious use of the dispute settlement machinery by the WTO and other forums and by pursuing policies of greater transparency and by a constant and constructive dialogue with the political and technical instances in Brussels.

We will be at the same time aggressive and cooperative aiming always at the creation of level playing fields where the Brazilian agribusiness can find room to maneuver and to consolidate this position.

We regard Europe as a partner not as an adversary. We will seek room for accommodation of interests. We will stay away from fundamentalist or simplistic approaches and we will always try to see the point of view of the other side and take into account its legitimate interests. We welcome recent trends to decrease EU subsidies and we fell that you are in the road to do even better in the not distant future. Policies pursued within a much smaller Europe can not be continued in the context of much larger membership. The costs would be simply prohibitive.

Let me put our goals in other words: in principle and in practice, Brazil remains committed to the multilateral approach in trade negotiations. We therefore reject unilateralism and practices which in one shape or another distort fair competition.

We are aware that no magical formulas exist and we must engage at all levels in negotiations processes that reaffirm the objectives of the Doha Mandate in all three pillars of the agricultural talks in the current round of trade negotiations at WTO: export subsidies, reduction with the view to elimination of domestic support and improve market access.

Ours is surely a flexible approach. We join forces and we share views with the G-20, with the Cairns Group, with Mercosul partners but we will also work side by side with other like minded countries: ours is variable geometry and pragmatism is the name of our game.

We have followed the expansion of EU membership with a great deal of interest as this shows the vitality and momentum of your associative project. The creation of the Euro has been an impressive exercise.

We hope, however that the European Union will remain committed to global – more than to regional- objectives and that the drive towards the East will not allow you to forget the great challenges and opportunities lying to your west.

Brazil has become the major beef supplier of the EU. We and our Mercosul partners have shown that we have the best combination of low-cost and high quality beef that European consumers can find in the world market.

EU current imports of chilled and frozen beef reach 5% of its domestic consumption. The EU demand has been so strong that 60% of high quality beef imports are out-of –quota today. Imports of frozen beef are also levied a high tariff due to the administration system of GATT quota regime. In some case, our beef pays 176% in different types of taxes. Why? We do not intend to dump beef in world markets, but to supply your consumer's demand that is not met by local production.

I would like to turn now to some specifically Brazilian concerns which have – however- global repercussions.

Brazilian Cattle is raised outside the Amazon Rain Forest, which is for a number of reasons a very unfavorable environment for large scale ranching.

Cattle raised in the Amazon Forest except for the niche that exists for water buffalo is very marginal and not meant at all for external markets but mainly produced for limited local consumption.

However from time to time there is a great outcry not totally gratuitous that we are cutting precious trees to raise cattle.

We are somewhat to blame for the misunderstanding as more than thirty years ago we adopted the concept of "Legal Amazonia" which encompasses large tracks of land covered with scrub vegetation of the savannah type, called "Cerrados". This was done basically for fiscal and administrative reasons as these areas are not part of the Amazon basin or, more to the point, of the rain forest itself.

New areas being opened in Brazil for agriculture are in the "Cerrados" or Savannahs region, and not in the rain

Back to index

forest. The "Cerrados" is one of the best regions in the world for tropical agriculture. It is the foremost area for raising cattle in Brazil, and a real laboratory for the integration between ranching and farming. Productivity gains in meats, grains and oilseeds in the region have been extraordinary.

We must do better in eliminating misunderstandings where, in good faith they exist. Or to unmask ulterior motivation where such is the case.

I would like to remind that we harvested in the 2004/05 crop 48 Million ha. This represents 5.5% of our territory and most of our crops and cattle are produced in the South, South-East ,and Central Region, 500 to over 3.000 km from the border of the Amazon Forest in the North of the Country.

We have 90 million ha available for new crops and 220 million ha of natural and cultivated pastures. We are one of the world´s last agriculture frontiers. We are now the world´s last agriculture frontiers. We are the world´s largest exporter of agriculture products, including soy beans, beef, sugar, ethanol, coffee, orange juice, cotton, corn, poultry and growing fast pork.

Let me make one point very clearly. The care <u>and preservation</u> of the Amazon rain forest is – for Brazil - a major concern and a major responsibility. We have done less than well over the last decades than we should. An alert and well-informed public opinion is a necessary partner to our efforts. We must and will do better.

Although some cooperation already exists between Embrapa and its Europeans counterparts, this is an area where we must do even more as we share many of the problems, and hopefully, some of the solutions.

I would also like to extend a very warm invitation for you to attend one or several of the major Brazilian cattle fairs as we would be able to share experiences and generate that intimacy that only direct and eye-to-eye contact can produce.

I leave you with some parting thoughts. Brazil exports over 2 million tons of beef CWE (Carcass Weight Equivalent) which find their market in over one hundred and fifty countries. We are also very competitive in poultry and pork.

We have not reached the end of our line as Brazil disposes of a very large amount of unused fertile land for which three main activities basically compete: the soybean complex, sugar cane and beef.

I am aware that our future relationship will not be free from occasional friction and temporary turbulence. Because the interests at stake are vast and sometimes contradictory, we must be prepared to accept these facts and negotiate in good faith again and again. Above all we must not be discourage by momentary setbacks.

By the way, as you Know there is no zero risk in epidemiology, and on October 8th , a few days ago, the Recife National Laboratory of the Ministry of Agriculture and Livestock confirmed the diagnosis of Foot and Mouth Disease in samples from a ranch located at Eldorado in the State of Mato Grosso do Sul. All corrective actions have been taken as mandated by the International Sanitary Code of the World Organization for Animal Health. With these measures, which include slaughtering and burying all infected animals and those in the area, but not infected, we were able to control the focus in a speedy and transparent fashion.

Brussels has just announced certain restrictions to imports of Brazilian beef. I am sure that our government will comply with all applicable norms and regulations, but I do not understand the exclusion of the State of São Paulo. I believe that are no technical reasons for this exclusion. It´s purely political and I hope it will be reviewed.

This perspective does not surprise or discourage me. A life of intense conflicts and battles has prepared me for confronting challenges with great enthusiasm and optimism.

Please allow me to say that these two qualities are traits of the Brazilian people. It is redundant to state that another Brazilian characteristic is to look to Europe with admiration as a source of inspiration. It is in this spirit that I sincerely thank you for your generous attention and patience.

Finally, let me take this opportunity to express my sincere thanks for the invitation from Cavaliere Cremonini, who made possible my return to this marvellous city that we all love and that is to me a great source of inspiration.

Curriculum

Slides

Back
to index

ARGENTINA: CHALLENGES AND OPPORTUNITIES IN THE NEW EU

Carlos Oliva Funes
President of Swift Armour SA Argentina and President of Argentine Beef Consortium

Text under construction

Curriculum

Slides

Back
to index

THE EU MEAT PRODUCTION IN A LIBERALISED TRADE ENVIRONMENT AND THE NECESSARY GUARANTEES TO BE GRANTED TO EUROPEAN PRODUCERS IN THE WTO NEGOTIATIONS

Costa Golfidis

Director "commodities", COPA/COGECA Secretariat

1. A few words about COPA/COGECA.

2. EU producers facing a new CAP a new political, financial and socio-economic environment.

3. Situation and prospects of the EU meat production following the CAP reform.

4. EU producers' expectations from the DDA.

Thank you Chairman for giving me the opportunity to speak to this important Congress on behalf of EU producers and good afternoon ladies and gentlemen.

Can I first of all say what a great honour it is for me to be here today amongst a panel of such august speakers in this beautiful city of Rome.

The organisers of the Congress asked me to talk in this session and to focus in particular on "the necessary guarantees that must be given to the European producers in the WTO negotiations, considering the unavoidable increase of meat imports in the EU".

I have been given 15 minutes to run through this topic .This will not be a difficult task given the strong feelings and unanimous position we have on the subject within COPA/COGECA. I'll try therefore to be brief.

1. A few words about COPA/COGECA

COPA/COGECA is the European body representing at EU level the European farmers and their cooperatives.

COPA/COGECA is the spokesman of our 71 national member organisations from the 25 current EU member states, representing about 15 million farmers and more than 30.000 coops in Europe.

Our main task is to defend the interests of the farming community to the EU institutions; the European Commission, the EP and the Council.

We try to speak with one voice and express common positions in order to be listened to! Not an easy task but we are trying hard and the truth is that on the WTO negotiations we have a clear position and firm message to deliver both to our negotiators and to our partners.

2. EU producers facing a new CAP a new political, financial and socio-economic environment.

Let's recall first of all some basic elements of the last reform of the CAP back in 2003.

The EU was facing a big policy dilemma:"how EU agriculture can be competitive in the increasingly liberalised world markets and at the same time meet the high environmental, food quality and animal welfare standards requested by the European society"?

Back to index

The political choice made was: to continue to support EU agriculture (not "if" but "how" to support it) by changing the support towards no or less trade distorting measures.

The objectives of this reform were to achieve:

- a competitive EU agricultural sector,
- environmentally friendly production methods,
- quality products,
- enhanced landscapes, and
- a dynamic sustainable rural economy .

The measures taken to this end were:

- to cut the level of price support for the major sectors to make them more competitive,
- to introduce a decouple single farm payment combined with cross-compliance to make agriculture more market oriented and more sustainable,
- reinforced Rural development policy through transfers of means from the so called market support measures and
- financial discipline (ceiling on farm budget).

The expected impact of the CAP reform was

Domestically :

- to allow farmers to better respond to demand driven concerns
- to improve market balance
- to facilitate enlargement process and
- to provide clear long-term policy perspectives for EU agriculture

Internationally

- to move away from trade distorting support and improve our position in trade negotiations.

The EU farmers understood the need and the reasons for such a reform but are insisting on the need to keep defending in Europe a multifunctional agriculture based on a European model of agriculture (family based farms ,responding to the needs of EU society).

And the most important thing to say in this context is that our negotiators have been given a clear mandate by the Council - to agree to nothing in WTO which goes beyond the CAP reform of 2003.

3. Situation and prospects of the EU meat production following the CAP reform.

This has been covered extensively by previous speakers.

In summary ,the current Commission's forecasts tell us that:

EU *BEEF* production is lower than consumption since 2003 and is expected to remain so in the coming years due to:

-the impact of market disruptions of 2001 BSE crisis,
-the declining cattle herd from dairy sector,
-the impact of decoupling of direct payments.

The tight domestic supply and the steady demand are projected to keep beef prices at a relatively high level, attracting more imports entering at full duty, notably from South America.

Exports will continue to decline dramatically over the same period.

Current price levels, even if they are relatively high should not lead to an increase of EU production in the medium term. They are considered to be just sufficient to keep the production at current levels.

EU *PIGMEAT* production is expected to keep its slight growth thanks to a solid demand in the EU 25 and a good profitability with good pigmeat prices and relatively low feed prices in the projected period. Trade should not change a lot from existing levels.

EU *POULTRYMEAT* demand and production remain strong. Exports are expected to decrease slightly and the increase of imports will continue in the coming years.

EU *SHEEPMEAT* sector should remain relatively stable with no major movement on production and consumption and therefore imports. Prices are projected to remain at their current relatively high level.

These prospects are all based on a very delicate assumption: an unchanged UR agreement framework !

Everybody knows that a decrease of export refunds will affect our export volumes of beef and poultrymeat.

Back to index

The increased market access which will result from the WTO negotiations will certainly lead to increased import opportunities on the EU market.

The outcome of the WTO talks will therefore alter considerably the EU market balance I have just described and could amplify the trend of trade flows

And we will remain very vigilant to make sure that the result of the WTO negotiation allows the EU producers and in particular the meat producers to ensure a future for sustainable agriculture in Europe which meets the needs but also the concerns, expectations and values of European citizens.

This brings me to the third and last part of my presentation.

4. EU producers' expectations from the DDA

I would first like to make it clear that COPA/COGECA are in full support of the need to reach an agreement on fair rules for trade in WTO.

We recognise the importance of trade in promoting growth and the need to open up markets so that trade flows more freely. After all, the EU is the largest importer of agricultural products in the world and the second largest exporter.

But we must not go so far that, in the process, we destroy the type of agriculture and the rural environment which reflects the values and culture of people in Europe.

And 15 million people living in rural areas in the EU 25 obtain their livelihood from farming and are responsible for looking after over half the EU's territory.

So, as with most things in life, it is a question of balance.

A balance between the benefits trade can bring and these other concerns about food security, food safety, the environment, animal welfare and our countryside.

We want to avoid to get a deal in WTO which would endanger these European values.

There must be a balanced outcome between the three main pillars in the agricultural negotiations. The EU's substantial offer of concessions on domestic support and export competition must be offset by a satisfactory outcome on market access. Without this, European farmers, who are striving to meet society's desire for safe and sustainable production methods, will be put out of business by low-priced imports which do not have to meet the same standards.

The enormous efforts already made by European farmers to meet trading partners' demands in WTO must be acknowledged. The reforms of the CAP in 1999 and 2003 resulted in substantial cuts in support prices and product-linked aid enabling the EU to put a very substantial offer on the table in WTO. As the EU Council already made clear in 2004, the CAP reform *constitutes the limits beyond which commitments cannot be undertaken.* The mandate given by the Council to the European Commission is clear and must be respected.

Our farmers are fed up with being told by our trading partners that they have not done enough. And they are fed up with our negotiators who make one concession after another while the US and others sit back and do nothing.

Just let me run through the concessions which the EU have already made - all at a cost for EU farmers - because I think they have been too easily forgotten in these negotiations.

<u>On domestic support,</u>

First of all,a cut in trade distorting domestic support - the «amber box» - by at least two-thirds.

Secondly, the elimination of by far the major part of direct payments linked to production - the «blue box».

As a result almost all our remaining support will be decoupled from production and will be non-trade distorting according to WTO rules. And our farmers will face penalties if they do not adhere to very high and costly EU standards under the cross-compliance mechanism introduced with the last CAP reform.

Our position on domestic support is clear: the EU's decoupled payments, which have been specifically designed to meet WTO rules on non-trade distorting support, must be clearly recognised as green box type support.

Without this no agreement is possible.

<u>On export competition,</u>

The EU has also made a conditional offer to totally eliminate export subsidies. ".

And what have our trading partners offered in WTO? The answer, virtually nothing.

Back
to index

The Commission negotiators themselves have admitted that so far they have totally failed to obtain a commitment from our trading partners - the US, Canada, Australia, and New Zealand - to eliminate the support they give to promote their export. There is no commitment by the US to eliminate support for export credit programmes with repayment periods of less than 180 days. The monopoly power of State Trading Enterprises has not even been tackled in Geneva. And the proposals the US has finally come up with last week on the abusive use of food aid are derisory.

Currently the agricultural negotiations in Geneva are focusing on market access and this is our immediate priority.

The EU has already abandoned its original position - that we should use the same formula for cutting tariffs as in the last round - and has accepted the G20 proposal as a basis for negotiation.

This means that tariffs will be put into 4 or 5 bands according to their level, with the highest tariffs facing the highest cuts.

The Commission has already put on the table figures which would mean no tariff higher than 100%; an average cut in our tariffs of 36% and a 60% cut for the highest tariffs.

The US is calling for cuts of 90% for the highest tariffs.

The US proposal is simply out of the question. But even the figures the Commission has put on the table put us in real danger of going beyond the mandate.

Let me give you an example.

Imports of fresh beef from South America have increased dramatically over the last few years. With the revaluation of the euro, boneless beef from Brazil which enters the EU with the current full tariff is already competitive at full tariff. This shows that the current tariff is not prohibitive.

The figures the Commission have put on the table in Geneva could mean a 60% cut in this tariff. This would mean that Brazilian beef could enter at an even lower price. This would undercut EU prices by as much as 30% to 40%.

We are not ready to accept this.

And do not forget that we will also have to cope with the possibility of fewer EU exports if export subsidies are eliminated.

This is just one example.

There is scope that some tariff lines can be treated as sensitive products. But it has already been agreed that there will still be a tariff reduction for these sensitive products, albeit lower, and on top of that we will have to let more imports in under quota.

One more think we should not forget: *We* (the EU) are going to choose *our* (EU) sensitive products…not our trading partners.

We will keep an eye on our negotiators to ensure that the treatment of sensitive products does not result in such a high increase in imports under quota that the mandate they have got are undermined.

And finally on market access, all these elements are linked - we cannot agree to tariff cuts in the bands until we know how sensitive products are to be treated.

It is also particularly important to ensure stability in prices and supplies of food, yet the world market for agricultural commodities suffers from far greater instability than in most other sectors. The extent of such fluctuations are compounded by the application of tariffs calculated as a percentage of the import price (*ad valorem* duties). Such fluctuations are further accentuated by exchange rate instability.

For us it is essential therefore that WTO members should continue to have the possibility to apply non-*ad valorem* duties in the agricultural sector, i.e. a fixed, or partly fixed, duty.

We also believe that the special safeguard clause must be maintained given the particular importance of stability of markets for food products.

European farmers have shown their willingness to meet WTO rules, and thereby face a reduction in their competitive position, and they see others escape WTO rules by using currency depreciation to improve their share of both the EU and world market.If it is not possible to achieve greater exchange rate stability, notably between the US dollar and the euro, it must be ensured that the special safeguard clause is an effective protection against currency fluctuations which destabilise the market.

5.Final remarks

During this WTO round , each time the talks have stumbled the EU negotiators have come up with a new offer, always on the backs of farmers.

Back to index

And we think and we told them that it is simply naïve to think that you will get an agreement by drip-feeding one offer after another.

All our trading partners have to do is sit back, pocket the offer and ask for more. And that is exactly what they have been doing.

None of the EU's own offensive requests - be it on market access, on US export credits, State trading enterprises, food aid, geographical indications, environmental issues or animal welfare - has been met.

Not only this. None of the EU request in the other parts of the negotiations has been met either - on industrial tariffs, on services, anti-dumping - you name it.

And what our farmers are really fed up with is to be told that they must make more sacrifices in order to help developing countries.

One should not forget that we are the world's largest importer, we import more from developing countries than the US, Japan, Canada, New Zealand and Australia put together. The EU's farm imports from Africa are six times those of the US. And we are giving unlimited access to all 50 least-developed countries in the world at zero duty.

So,our record is good.

But again, it is totally naïve to think that it will be the truly developing countries who will benefit from an agreement in WTO. The ones in WTO who are pushing most for more market access are the US, Canada, New Zealand, Australia, Brazil and Argentina. They often claim that they are doing it on behalf of developing countries but of course it is they who will really gain.

What is the point of the EU putting its own agriculture and rural way of life at risk when this only serves to enable the exporting countries to expand their share of the world market, rather than helping those countries most in need to develop their agriculture?

No wonder the truly poor developing countries are becoming totally disillusioned by WTO. How can landlocked countries in Africa, which have average freight costs almost three times higher than everyone else, hope to benefit from more market access. On the contrary they need to be able to protect their agricultural sector so that they can build up their own food security. But until we have a clear distinction between the advanced developing and the truly developing countries we will never be able to give the poorest countries the special treatment they deserve in WTO.

Ladies and Gentlemen,

I said at the start that it is a question of balance. Our message today is that we have now tipped that balance so far in an attempt to meet our trading partners demands that we are in danger of destroying the type of farming in Europe that citizens have shown they want and have every right to expect.

It is bad enough being squeezed from two sides but farmers in the EU are being squeezed from three sides: by increasing pressure on their prices from trade liberalisation, from ever higher costs in order to meet some of the highest food safety, environmental safety, food quality and animal welfare standards in the world and from decreasing budgetary resources. There is a lot of work to be done before Hong Kong. We have called upon Trade Ministers to ensure that from now on our negotiators take a much tougher stance in Geneva. We have made a substantial offer to our trading partners and it is now time for them to take account of the EU's concerns - to ensure a future for sustainable agriculture in Europe.

And we will remain vigilant to make sure that the result of the WTO negotiation allows the EU producers and in particular the meat producers to ensure a future for sustainable agriculture in Europe which meets the needs but also the concerns ,expectations and values of European citizens…no more ,no less than that.

Thank you.

Curriculum

Slides

Back to index

THE EU IN THE GLOBAL MEAT COMPLEX

Philip Seng
President and CEO of USMEF, US Meat Export Federation

Text under construction

Curriculum

Slides

Back
to index

IMPORTS – EUROPE'S HEALTHY APPETITE

Douglas Brydges
President of IMTA, International Meat Trades Association Inc.

Mr. President, Ladies and Gentlemen.

Your very kind invitation was for me to talk about the place of imports within the new EU 25. Judging by the timetable and the list of celebrated speakers that you have already heard – New Zealand – Australia – Argentina – United States – it seems to me that the ground has been pretty much covered already. I think that we should take a few moments to consider the ROLE of imports in the future – the way in which these imports CAN make a lot of people happy - and yes – including farmers and processors within the EU 25.

Of course to many of you youngsters in the audience today imports may seem just a necessary evil – just some very ordinary food which fills the gap between total market needs and the excellent quality production from our own farms. But whilst none of you look old enough to remember, I've got a feeling that you might just recall a time before the EU really got going and agricultural policies established, many Countries within Europe imported very large quantities of lamb and beef. It was a part of everyday life. Consumers didn't give it a second thought – it was good beef – full of flavour and it was really tender. The lamb was very good indeed with most people unable to tell the difference between lamb from Canterbury, England or lamb from Canterbury, New Zealand!

In the UK very large retail businesses including some still around today, relied on the regular weekly arrivals of huge amounts of meat from countries in the southern hemisphere – it all went like clockwork.

At the time it all looked as predictable as night following day – just a part of Europe's food pattern – and very normal in countries like the UK with a lot of people to feed and which could never aspire to be realistically self-sufficient. But changes came. In the 1960's and 1970's retailing began the move to self-service supermarkets. Domestic meat production boomed – led by very attractive financial incentives of various kinds provided by the Government.

Now beef imports were pushed to the background – they still came, but as time went by they tended to go two ways – poles apart really. They went first to the lower end of the market – as ingredients for meat products – burgers – school and institutional meals. Secondly they went to the higher level of eating experience – to steak houses and theme restaurants who demanded high volumes of consistently tender beef – all prime cuts which would give the same appearance on the diner's plate every time. They hate complaints!

Supermarkets ignored imported beef, and steaks did not appear in any quantity. It was thought that to succeed in retail self-service that meat had to be a bright cherry-red colour – have great eye appeal. With no butcher there

Back to index

to explain it – really had to sell itself. Imported beef from the Southern Hemisphere that had been packed 6 weeks prior could not achieve the same Technicolor appearance. Later on you have to bear in mind that only limited amounts of chilled beef were encouraged to enter the EU – hence the Hilton Quota – carefully allocated out to the traditional supplying countries.

Lamb imports have always been a different matter. Domestic production within the EU member states has been high and a lot of trading has always taken place. The production however is seasonal and imports are required to make up the shortfall. This is an over-simplified summary. The fact is that the UK is Europe's largest producer of sheep meat at about 300,000 tonnes followed by Spain at 250,000 tonnes and then France and Greece at about 120,000 tonnes each. But the healthy appetite for lamb in France and Belgium exceeds their own production and so happy British farmers have been happy to supply them. The Brits also send quantities of lamb to Germany and Italy.

Now I am sure all my friends in these countries will agree with me that British Lamb is absolutely fabulous! It is often featured in top restaurants and praised by gourmets. BUT it is seasonal. It is bound to be because of it's natural feeding pattern and although farmers have succeeded in smoothing out the supply of lamb to some degree, they have never really overcome this fundamental problem of seasonality. However help was at hand and we in Europe – and especially in the UK have always welcomed the finest lamb from New Zealand and Australia. These countries are of course contra-cyclical to Europe in terms of weather and therefore production of grass-eating lamb.

So to give you an outline of how this works – the UK produced 306,000 tonnes of sheep meat last year of which we exported to other Member States 77,000 tonnes and then IMPORTED 116,000 mainly from New Zealand. So we consumed 345,000 tonnes during the year.

So far I have outlined the broad position of meat imports into the EU over some period of time – just the general patterns. This is where we start from. Now we should look at the future.

How will things change over the next 10 to 15 years?

What will make imports successful in marketing terms?

What should we watch out for?

Are there problems ahead which could affect this healthy appetite?

I suppose that we should look at the most fundamental aspects first.

MEAT SUPPLY

Meat of course does not just mean beef lamb and pork. A lot of meat traders have made that mistake in the past. Every chicken and turkey consumed in whatever way affects the consumer demand for our prime meats. In the UK last year we produced over 1.5 million tonnes of poultry and we imported a further 163,000 tonnes. These are staggering figures and this dynamic growth has taken place in just 40 years or so. The EU 15 produced over 9 million tonnes and the new 10 member states nearly 2 million. These figures are mind-boggling.

Let us just take a moment to look at the consumption of meats on a per-capita basis. Just what do we all eat?

Meat consumption per capita (kg/year) 2004

	Beef	Pork	Bacon	Lamb	Poultry	Total
U.K.	17,3	14,0	9,0	6,1	29,5	75,9
UE 15	19,0	44,1	-	3,4	22,9	89,4
New 10	7,5	46,1	-	0,3	19,8	73,7

So you can see that poultry meat is now bigger than beef in volume terms. No surprise really, but although the growth per annum is less than it was – it is still a tremendous figure, and there is nothing to show that demand will fall – in fact there is no doubt that demand will continue to grow thanks to an enormous amount of product innova-

Back to index

tion and the need for a relatively lower-cost protein in the national diets.

Apart from cost factors – poultry does fit the bill as far as consumers go – it is tender and consistent. It accepts flavours and sauces readily and can be eaten hot or cold.

Pork production is another very interesting area. The EU-15 pig meat production is around 18 million tonnes per year. Germany alone produces 4.5 million tonnes. Taking all pigmeat in a total perspective you will see a great deal of trading within the EU. Nearly all member states are either buyers or sellers!

But so far we have not been affected by the world's largest pigmeat producer – China – where 42 million tonnes are produced out of a world total of 100 million tonnes. As we all know China is big in most other fields and exporting to the world. Who knows we could find China involved in the EU meat market eventually.

Another factor is the current reform of the Common Agricultural Policy. There has been a lot of speculation about how this is going to affect us all. It is too early to be sure but it does seem likely that EU-15 beef production will fall by up to 7% but sheep meat may not change too much. So in general it looks as thought total supplies will be sufficient in all commodities apart from beef.

But supply in volume terms is one thing – and matching the supply to an increasingly sophisticated demand is something else. There are strong indications that consumer demands will continue to change in the years to come and manufacturers and supermarket retailers will be working even harder to meet those demands and to innovate into new areas – new tastes – product differentiation. Often meat will be an ingredient only – not the main attraction! In this case flavour and quality is not so important. The manufacturing process will add customer-appeal.

We have seen in the pigmeat and poultry areas over many years enormous efforts to streamline production and to gear product flows into endless varieties of wonderful foods. The sheer size and efficiency of these industries has been a lesson to us all. The production environment for these meats is really quite different to that for beef and lamb, but at the consumer end – the expectation of tenderness, flavour and reliability and value for money is just the same.

The consumer is not really interested in our problems, farmers problems or whatever. Consumers expectations are for perfection every time – or at least something close to it.

So we are seeing various dynamics at play here – and in my view great opportunities for exporters of meats to the EU. The recent enlargement will also play a part in this as economies develop and consumption patterns gradually change.

Exporters to us will be supplementing the EU's own production – yes of course. But also they will be capitalising on the scale and efficiency of beef production in countries like Argentina, Brazil, Uruguay as well as Australia and New Zealand. Farming systems in these countries are highly organised and truly professional. The volumes enable huge quantities of specific cuts being made available on a consistent and regular basis.

The special needs for catering can be met perfectly with regular supplies 52 weeks in the year. Beef from beef breeds – beef that has been aged for full flavour and tenderness, consistent in size and shape – every time!

Importers in the EU are always searching for the right meat for their clients. The international shipping and handling systems are really excellent and so the logistics have been taken care of in a way which we could not have imagined in years gone by when ship's refrigeration could be "dodgy" and modern packaging was still unknown. Moving meat around the world is now reliable and frankly we all take it for granted.

Supermarkets are at last recognising that meat imports have a role to play in their cabinets again. Consumers actually like to have the opportunity to "shop the world" when it comes to food. They do it all the time at the fruit and vegetable counter, the dairy and wine sections and of course they have been buying New Zealand lamb here for over a century. Now they will be getting used to a wider offering in the rest of the meat counter again. Good quali-

Back to index

ty, reliable beef at affordable prices. This will give customers a renewed taste for beef and help to grow the overall market for beef against the heavy pressure and price-appear from poultry. This will all lead to pressure to remove or relax the trade barriers and then the development of meat brands will become a meaningful route to explore.

I say this because in the UK various marketing programmes have been used over the last few years to identify and promote domestic production of beef, lamb and pork. Levies at production level have funded these projects and TV has been used effectively to give a favourable image and give ideas for interesting recipes. Certainly solid promotion of various kinds helped to overcome the awful stigma caused by BSE in the 1990's. The special appeal if imports from selected ranches should be identified too and promotional tools used to illustrate the unique experience of brands or origins.

Re-awakened consumer interest whether in the supermarket or restaurant will bring about a growth in the whole category so that domestic producers of quality meats will also benefit.

Finally, I want to touch on one word in the title of my talk – "Healthy" – Europe's Healthy Appetite. BSE was a shattering experience for the industry and caused people everywhere to be concerned about the meat they were eating. The EU has done a wonderful job whatever some may think, in establishing standards of production, hygiene and processing which should eliminate health risks to consumers.

Some domestic producers feel that the rules within the EU are not applied evenly to overseas suppliers as promised and that we are running the risk of importing disease into EU member states. Some farmers have been quick to condemn supplying countries because of the lack of traceability of animals to the same standards required here in the EU. When this criticism is unwarranted or plainly scare-mongering for commercial advantage we must act to give the true picture. But exporters to the EU must always follow the EU rules and procedures. No short-cuts and transparency is very important.

Curriculum

Slides

Back to index

OPPORTUNITIES AND THREATS OF GLOBALISATION FOR PROTECTED DESIGNATION MEAT PRODUCTS

Fabrizio Mottironi

President of Buonitalia, Italian Company for the promotion, valorisation and internationalisation of the Italian food industry

Good evening everyone.

Just a brief introduction. A few weeks ago, I met with the top management of one of the most important navigation companies, MSC, the second in the world; we happened to be discussing about whether globalisation had arrived or not. From their privileged vantage point, they believe that this is not yet so, because even though everything that can float is made to sail, this is not enough to meet overall demand. Just MSC itself, they told me, has about 40 post-Panama ships under construction in Korea. But it is not just a matter of ships: even European ports, along with those in other parts of the world are not yet ready to handle the new post-Panama ships and are equipping themselves with the facilities required to face true globalisation. So what we perceive today as globalisation is only a glimpse of what can happen in the near future.

Markets today are wide open, the by-word everywhere is to produce more, and to do so at ever-lower cost in less advanced and less developed countries than ours, in order to gain some foothold in markets.

Italy's strategy is clearly to bet on quality. Our country can certainly not compete on the first price. We absolutely cannot compete in terms of value unless we manage to incorporate services in our products, as well. We must bet on quality, and the Italian government's action is moving in this direction.

This is the strategy that we, too, at Buonitalia are adopting in all our projects. Buonitalia is a company that represents not only the Ministry of Agricultural and Forestry Policy, but the entire Italian system for the promotion of the food industry on international markets. Our Board of Directors also includes representatives of the Ministries of Foreign Affairs and of Production Activities, of ICE (the Italian Institute for Foreign Trade), of Ismea (Institute for Research on Agricultural Markets), of the Italian Chambers of Commerce both at home and abroad. We hope that representatives of the Italian Regions, with whom we signed an institutional agreement last February, will also be joining our Board.

We intend to confront these challenges by supporting our producers in setting up directly in foreign markets rather than just being present on an occasional basis. We are aware that our products, which are already sought after and appreciated in the world, can reach countries such as, say, China where there are about 30 million consumers that we consider millionaires.

We must absolutely stake on these. That is why we have devised our Contract for expanding on foreign markets; this is a project targeting 20 towns that we see as prospective markets. These have been selected in collaboration with our companies who have taken part in the many meetings we have organised with the Chambers of Commerce throughout the country. We plan to bring our producers to these towns, through invitations to tender, where they can sell Italian products. They will thus be given the opportunity of directly providing services, ranging from customs

Back to index

assistance to credit recovery.

All this however cannot take place unless we effectively fight against what is known as counterfeiting, which is the cause of considerable economic damage to this country's economic system. This phenomenon is constantly increasing, causing this country losses for some 55 billion euro. We therefore expect appropriate answers from those whose task it is to watch over this alarming phenomenon, the so-called international arbitrators, such as the European Union and, above all, the WTO.

At the same time, we are also working to eliminate the so-called "*Italian sounding*" phenomenon, which affects the genuine Italian restaurant trade all over the world. There are some sixty thousand restaurants with Italian names, but we know that the truly Italian ones are no more than twelve thousand. To prevent this going any further, and potentially altering consumers' tastes, Buonitalia, through the "Ristorante Italiano" (Italian Restaurant) project intends to guarantee foreign consumers by certifying those restaurants that have a true claim to being Italian. Participation in this project is voluntary and aims to achieve a process certification, adopting technical rather than product standards. This is because Buonitalia certifies that the restaurant that has been awarded the plaque actually does use Italian products.

To sum up, therefore, globalisation, from our point of view, is not yet here. If we are to win the new commercial challenges connected with new globalisation processes, on the one hand, our producers must rely more and more on quality and, on the other, the country's economic and institutional system must help these producers to access the most important foreign markets, where such quality is appreciated. Finally, we must defend our products from the continuous threats deriving from counterfeiting and from the phenomenon that goes under the name of "*Italian sounding*".

Thank you.

Curriculum

Back to index

THE EU MEAT SECTOR: PRESENT STRUCTURE AND FUTURE TRENDS

Arturo Semerari
President of ISMEA

Claudio Federici
Responsible for the Zootechnic Sector at ISMEA

Good morning, thank you Chairman, Ladies and Gentlemen,

ISMEA today will be illustrating the findings of a study of the meat sector which will be explained in two presentations. Mine is the first and will provide a very quick analysis of current trends and of the competitive scenario; Mr Federici, who is responsible for the meat sector at ISMEA, will illustrate the findings of this study in greater detail.

So, the European Commission's outlook to 2012 forecasts the following situations, for the three beef, pigmeat and sheepmeat subsectors.

For beef, stable demand, supply at a standstill with a reduction in exports because of lower supplies, and increased imports, because of a rise in domestic prices. For pigmeat, demand and supply increase slightly, mainly because of the 10 new Member States of the European Union. For sheepmeat, there is a slight decrease in demand and supply. With this outlook, ongoing trends have an effect on agricultural supply, thus on agricultural holdings, with a reduction of cattle and sheep numbers and an increase in pig numbers, to varying degrees by area within the European Union. This entails, therefore, a redistribution of activity.

This impact on the agricultural component will bring about a restructuring of this sector; the so-called marginal farms will be leaving the sector, i.e. the weaker farms, those having the most difficulty in coping with the market. On the industrial supply side, we can expect increased productivity; in this case, too, we shall see restructuring processes, chiefly through mergers of companies. Demand will be giving positive signals, thus consumption will rally, though to a limited extent, driven mainly by pigmeat. This will also determine a beef-pigmeat tradeoff effect, thus a partial substitution effect.

With regard to trade, the pressure from non-EU countries will increase, bringing about a reduction in the market share for beef and sheepmeat. The effect on markets will also be to erode company markups, and, in turn, company income as a result of the virtual stability of prices.

Prices, at the nominal level, so to speak, will rise slightly but, considering that they are deflated, will sag and will therefore be decreasing; by contrast, production factors and means will increase more markedly. This will entail a lower markup. The sector's competitive scenario is characterised by various correlations. We placed the meat industry at the centre, since it is subjected to increased pressure from the new Member States, new and more aggressive market competitors and the enhanced power of large-scale retail distribution. Such an increase in pressure on the meat industry will partly be unloaded upstream of this sector, thus on suppliers, on the agricultural component and on intermediaries; this will mean lower animal prices, thus, as we have seen, lower animal numbers. Some respite will come from the upturn in consumption and by the growing substitution effect, but also by pigmeat substitution with respect to beef.

Back
to index

In this competitive scenario, which of itself is quite complex, there are, of course, two more very important factors, i.e. implementation of the recent CAP reform and the upcoming WTO talks in Hong Kong.

We must point out that implementation of the CAP in its early stages in the different countries poses threats and opportunities. Threats, because it certainly increases the system's heterogeneity within the European Union: this is partly the result of the first year of implementation of the new CAP (most countries are already applying it starting from this year, others will do so as of 2006), but above all of choices made with regard to decoupling, in its different forms and models, i.e. total or partial decoupling, regional decoupling, past performance decoupling based on historical premia. This can entail threats because the situation in the European Union will vary from country to country, and will obviously be accompanied by specific opportunities. The possibility of choosing among different systems certainly gives a flexible approach to implementation of the Common Agricultural Policy. The effects of these differences will be appear, of course, over the coming years.

Naturally, financial prospects will also have an effect on the CAP; currently, the agricultural budget carries lower weight within the Community budget, with a particular reduction for market masures. Market measures, of course, are those that will decrease the most and will also experience significant redistribution within the European Union, owing to enlargement and, consequently, to the gradual increase in support for the new Member States.

The loss of funds for market measures, which is partly compensated by the increase for rural development in this specific sector, can certainly create problems in terms of reduced flows from the European Union. The financial perspectives are weighted down by the doubt, by the sword of Damocles, concerning ongoing negotiations on financial perspectives and which could cause further problems for this sector.

With regard to the crucial round of WTO negotiations in Hong Kong in December, a recovery is indeed expected. Should this take place, there will obviously be further effects on this sector, caused by the reduction of trade-distorting aid measures, thus a reduction in domestic support; it is hoped, though by no means to be taken for granted, that Green Box non-distorting aid measures will be defended and maintained; a ceiling to aid within the so-called Blue Box amounting to about 5% of agricultural production, but in any case a reduction in domestic support is to be expected. Elimination of export-distorting trade practices, thus a reduction or the elimination of export credits and subsidies, further liberalisation of agricultural markets through tariff reductions; this is a very delicate issue which will entail a difficult position, especially for products defined as sensitive, i.e. those that should find some sort of protection under WTO negotiations. And then, differentiated treatment for developing countries, through special initiatives. These are the chief issues for the specific meat sector. With the effects of the CAP and of upcoming WTO negotiations, a so-called "development path" can be drawn that represents expectations from now on to the coming years, sharing weakening and consolidating factors. In the recent past, and obviously now, as well, a weakening factor was undoubtedly the image of meat. The image of meat has suffered serious blows because of repeated health scares. This deterioration caused by repeated health scares has seen positive reactions, for example, in policies for information and product traceability from producers to consumers and these can become a consolidating factor for this sector. A further weakening factor lies in legal constraints, we might say in too many legal constraints within the European Union on meat-related subjects, such as the environment, such as animal welfare, which certainly entail extra cost burdens.

Consolidating factors have been and still are European Union enlargement to 25 with the accession of ten new countries that will bring a slight increase in consumption, though chiefly concentrated on pigmeat, along with product, process and environment certification processes which, when coupled with the service content in meat products, can contribute to consolidating the recovery.

In a medium-term perspective, by contrast, we can envisage weaknesses arising with regard to possible future constraints deriving from negotiations within the WTO framework, with tariff and subsidy reductions. And also, of course, and partly in conjunction with this, le growing competitiveness of products from outside the European Union, especially where beef and sheepmeat are concerned. We can certainly include among the consolidating elements, as briefly mentioned at the beginning, the restructuring processes involving the meat sector: these will include a phase of industry mergers, restructuring in agriculture with, as we said before, the marginal, weaker holdings abandoning the market, flexible implementation of the agricultural policy, a positive aspect, and thus the possibility, albeit with differences from country to country, of implementing this reform; a question mark remains with regard to negotiations on financial aspects. Finally, consumption growth forecasts are mainly tied to the increase in pigmeat consumption.

Back to index

This, we can say, is the general scenario. I shall now leave the floor to Mr Federici, who will give a more analytical illustration of the findings of this study. Thank you.

Curriculum

Slides [1-7]

Thanks and good morning to everyone, especially the Chairman.

I would like to thank the organisers of the Convention for the invitation and having seen the probable scenario and the determining elements, I feel it is useful to take a step back and seek to place things in their context, primarily seeking to link the question just dealt with, with all the elements that can influence the existing restrictions, seeking to understand what is the structure for the most important Countries involved in the production and trade of meat and what are the different trends in course in the various Countries, both in the EU15 area and the ten member Countries.

To begin, briefly, let us seek to understand what is the importance of the sector that accounts for more than a quarter of the entire agricultural sector, in terms of the value produced on an agricultural level [*slide No 9*].

Meat, considered as beef, pork and lamb/goat has a more than 20% affect. The differences, positive for the EU 15 and negative for the EU 25 are rather modest. In this table [*slide No. 10*] we have compared, in addition to the absolute values of agricultural production, also the relation existing with agriculture as a whole, also considering the level of subsidies and, more interestingly, the number of companies involved in it. As we said, we are seeking to place in their context: the 20% production of the sector of the three meats, the approximately 30% of subsidies, and should we consider companies (even if all of the companies are not specialised, there are obviously diversified companies) we could say that they have a 40% affect

What hits the eye is the difference in companies involved in the production of pork, between the EU of 25 and the EU of 15: an enormous number of companies in the new Member States are involved in the production of pork, which leads us to realise how important this sector is, both in economic and employment terms.

Looking at the last ten years [*slide No. 11*] we can see the value produced on an agricultural level and the significant differences in trends. On the right-hand scale the value of agriculture is indicated, on the left the value of the meat: in the same period in which agriculture grew at an average annual rate of 11%, pork also grew as compared to lamb and beef which decreased by approximately 1%, and this is a signal that some difficulties, as already widely indicated yesterday, actually exist for these sectors

Obviously the factors affecting development of the sector in this period were various, without doubt the Uruguay Round Agenda 2000 and immediately following the reform of the average term, as well as contingent facts such as the crises in the market in 1996 and 2001 linked to epizooties.

What is the value of agriculture, and more importantly what is its concentration in the principal Member States? In reality the Member States in which from 70 to 85% of the value of agricultural production is concentrated are five [*slide No. 12*], with Denmark as the most important in the pork sector and Greece in that of lamb/goat. In these five Countries, to give you an idea, we have indicated which are the best and worst average annual performances in the last five years: it stands out that Spain is showing good performances on the contrary, for example, to Greece that due to BSF and the decapitalisation in course in the sector, shows a rather evident continuous decrease of 2% per annum.

For cattle population [*slide No. 13*], until a few years ago, the entry of the new Member States was feared; in reality the affect was very modest both for beef and lamb/goat; but what principally interests us is to know what were the differences in the last five years: the total reduction without too many differences between the EU of 15 and the EU of 25, but reductions highly diversified in the various Member States.

We spoke of the decapitalisation in course in Germany, the considerable growth at the rate of 3% in Spain, and in the other Countries, with the exception of small differences, slight reductions. There was also a considerable reduction in Countries such as Poland; we have chosen Poland as the principal Country for the beef sector, linked to the increase in the price of the product not followed by an increase in buying power.

For as much as regards the pig population [*slide No. 14*], there was a marked influence by the new Member States (approximately 20%). Here again Poland played a decisive role, with stability in the herds in the last five years as compared to very different trends. In this case decapitalisation of herds, linked to environmental restrictions, is evident in Holland, and growth in the other Member States is modest with the exception of Spain, where yet again great interest was shown for this production.

Lastly the sheep/goat population [*slide No. 15*]: here again the weight of the new Member Countries was very modest and the influence, in the differences in the last five years, was mainly due to factors linked to epizooties. In 2000 Italy was hit by Blue Tongue, and therefore there was a recovery but only linked to the fact that in 2000 the herds has decreased for this reason. On the contrary in the other Countries, especially in the United States and the United Kingdom there was a decrease linked to afta.

Passing on to industry: what is its value? We have chosen the added value as the reference index, as industry obviously already operates in a production, that of agriculture, that in itself contains a value [*slide No. 16*]. What does industrial production add to the meat sector? 5% of the total European industrial production for butchering, 10% for successive processing, different in the five Countries more involved in production.

Here again [*slide No. 17*], to give you some figures, what has influence not only in terms of added value, but more importantly in terms of companies? The companies involved are 17% with a considerable difference between the number of companies involved in processing rather than butchering, and principally for the number of employees, whose percentage is much higher (21% as against the 17% of companies involved): this indicates a major concentration of employees per company, as well as the possibility that they are principally used in the processing sector, “labour intensive” processes. We can also see that the medium-size is higher (124%) and output slightly less. Now what I wanted to indicate, principally on the butchering level, is the difference between the average sizes in the butchering sector, 25-9 in the EU 25 compared to 28.1 in the EU 15. This indicates the different level of the structures present.

Here again the added value [*slide No. 18*] indicated for the primary five Countries, in particular in the butchering segment is relatively lower compared to the remainder of industry. In this case too we have indicated the best and worst performances of the Countries in the last period available

Let’s take a glance instead at the structures involved in production on the agricultural level, and for the question of time examine only the pork sector [*slide No. 21*]: we can see how the number of farms, indicated in the graph on the left, is substantially different in the various member Countries, to the extent that, as indicated in the first column, the average number of head per farm is considerably different: it varies from 69 head in Italy to approximately 1,200 head in Denmark, indicating an enormous difference in the production structure, with a truly considerable difference in the last three years. Now however if we look at the farms evidenced in blue, those with more than 400 head, a limit that in reality separates “family” from “industrial” farms, the differences greatly decrease as in reality these farms, which influence the total number of farms to a different extent, possess between 85 and 95% of the total herds, therefore in reality it is only an apparent difference. The core of production can be identified with blue dotted lines, and are those farms actually on the market, the others are farms that have an important role principally in environmental protection and in the sphere, let’s say, of social protection

Here again [*slides Nos. 23-24-25*] I briefly examine the level of specialisation in the farms, their influence: as you can see they are principally family farms, with the exception of France and Spain, and have a scarce influence. What also happened in industry in terms of structures? And in the last three years: an increase in value, but more importantly a reduction in the number of companies in particular in the processing sector and the number of employees,

Back
to index

industrial concentration, an increase in size and an increase in output.

Even more briefly, these [*slide No. 26*] are some of the largest industrial producers of meat: their turnover is indicated to give you an idea of their size.

These instead [*slides Nos. 27-28-29-30*] are the market trends of which we amply spoke yesterday. We can see a progressive increase in the production and consumption of pork, a decrease in the production (at a rate of 1%) of beef as against a "substantially stable" consumption. The reduction is constant in the lamb/goat segment.

What happened in industrial production? The index of industrial production evidences [*slide No. 31*] that there was a greater growth in industry in the last five years than in the agroindustrial total, with differences between the various Countries.

The last slides [*slide No. 32*] show the market trend also in trade. I would like to indicate the influence of both imports and exports – in this case, of trade in beef – with the average annual differences recorded in the last five years in terms of value. What I want to underline is the index of competitiveness. This is constructed by comparing the imports and exports of a product with all the other products for all the Countries competing on world markets. To give you an idea [*slide No. 33*], when the index is positive there is a competitive advantage, when the index is negative there is a competitive drawback. In this case the competitive drawback of the EU 15 against the strong competitive advantages, moreover growing, for Countries such as Argentina, Australia and Brazil is evident.

The situation is the same for the pork sector [*slide No. 34*]: it is evident that the European Union plays an undoubtedly more important role in this sector, with 15% of the world market, and it is interesting to note that there are very strong competitive advantages [*slide No. 35*].

Lastly the lamb/goat sector [*slide No. 36*]: the import percentage is evident, the European Union shows as the largest world importer, the most important. In terms of competitiveness [*slide No. 37*] we can see how compared to the strong competitiveness of Countries such as New Zealand and Australia, who make the world market, in reality there is a virtually negative competitiveness, a competitive drawback.

The last slide [*slide No. 38*] shows how in reality the company margins have been eroded at least for as much as regards farms. This is an index that considers the nominal prices in the European Union for the three productions. Prices that only for the lamb/goat sector tend to show a positive performance, in the other cases there is even an erosion of the nominal prices, therefore a decrease. However let's compare them with some of the factors of production, in particular electric power, veterinary services and fodder, and we can see that the growth in the last ten years was much greater, for these three factors of production, than the prices, indicating erosion in company margins.

Thank you

Curriculum

Slides [8-39]

Back to index

MEAT POLICY IN THE NEW EU: EUROPE'S MAIN INSTITUTIONAL REPRESENTATIVES DISCUSS THE SECTOR'S FUTURE

Gianni Alemanno
Italian Minister for Agricultural and Forest Policies

Text under construction

Curriculum

Back to index

MEAT POLICY IN THE NEW EU: EUROPE'S MAIN INSTITUTIONAL REPRESENTATIVES DISCUSS THE SECTOR'S FUTURE

Mary Coughlan
Minister for Agriculture and Food, Ireland

Text under construction

Curriculum

Back
to index

MEAT POLICY IN THE NEW EU: EUROPE'S MAIN INSTITUTIONAL REPRESENTATIVES DISCUSS THE SECTOR'S FUTURE

Duncan Prior

Representing the Minister for Sustainable Farming and Food, United Kingdom

Introduction

Chairman, Commissioner, Ministers, ladies and gentlemen - good morning.

I am delighted to be here in Rome and participating in this important conference. As our Chairman Paddy Moore said when introducing me, I am an official of the Department for Environment, Food and Rural Affairs in the UK. One of the Department's principal aims is to pursue the objectives of sustainable development - that is, the integration of economic, environmental and social factors in all we do: not just within the Department but across the whole of Government and indeed the country. The part of the Department where I am located is particularly responsible for policies relating to sustainable agriculture.

Now, at this point Mr Chairman, I should explain that I was not originally scheduled to be making this speech today. That was to have been the duty of my Farming and Food Minister, Lord Bach. Unfortunately, however, the Minister has been prevented from leaving the UK today for reasons of Parliamentary Business. I know though that he much regrets not being able to join you today, and has asked me to pass on to the conference his very best wishes for a successful event. So I find myself taking my Minister's slot in the programme this morning; and I hope that what I shall say might be thought provoking.

Setting the Scene

It is interesting that within the context of an international conference, the title of this session focuses on the new European Union - of which the UK is, of course, currently holding the Presidency. And we are invited to consider the EU's future meat sector. If the question posed is "Does the EU meat sector have a future?" the implied answer might be a simple "yes" or "no". But I doubt anyone would see it quite so simplistically - I certainly do not. I think the real answer will be dictated by how the meat sector responds to ever changing markets. I would predict that the EU will maintain an effective meat supply sector; but what I am less sure about is what that sector will look like in ten to fifteen years from now. I would like to use my time this morning looking at some of the factors that will influence that outcome.

Facing Change and Challenges

Ladies and gentlemen, it comes as no surprise that as we move further into the 21st Century, we face many changes and challenges. Those challenges run right around the globe and touch us all as individuals. This is as true for meat production as it is for any other activity. With those challenges come choices. We can choose to embrace change and seek to influence its direction. We can resist change and hope to fossilise what we like about the status quo. But one thing we cannot do is ignore challenges, for if we do I anticipate there is no future for those adopting such a stance.

So what changes do we see emerging for the future supply of meat in the world; and what does that mean for the new European Union? I would imagine that most food producers would take comfort in the fact that the need for food will remain - that is literally a 'fact of life'! But what sort of food will be demanded, and how will it be produced?

I think some of the answers to that question are contained in the perception consumers have about the food they eat and their approach to eating. In the past, consumers have probably tended to be concerned about the safety of their food. That was reflected in the relatively recent establishment of the European Food Standards Authority, and similar organisations in individual EU Member States. Food safety is an issue that is unlikely to diminish - as consumers demand higher and higher food safety standards. But, alongside that, we are seeing additional significant demands that were much less evident as little as 30 years ago. I am referring to fair trade principles; animal welfare; and environmental respect. They are phrases that were virtually unimagined when I was a boy, but my own children are now introduced to these concepts as part of their school curriculum. These issues are therefore increasingly climbing up people's agendas as those people are made more aware of the process of farming and food production.

Of course, at an international event such as this, some people may take a different slant to these issues. Indeed, I was at an international conference on egg production a couple of weeks ago. One session of that conference was devoted to animal welfare issues. After about 20 minutes of vigorous debate relating to the floor area within a cage that was required by hens in order to satisfy welfare objectives, one delegate intervened to say that he thought the animal welfare debate was a rich man's indulgence. He represented a developing country, and reminded us all that where he came from the priorities were associated with feeding, clothing and housing human populations rather than avian ones! I do not take issue with such sentiments, but I do point to such factors as trends we cannot ignore.

Consumer attitudes, then, are a key driver for change. But they are not the only ones. Others include: economic growth; relative meat prices; agricultural policy (itself reflecting public attitudes); and population growth.

<u>Growing for Subsidy or Supplying Market Demand</u>

So what policy and practical implications do we see from such challenges? Across the European Union - and especially for the older EU 15 - we are seeing very significant implications indeed. Perhaps the most significant is the current reform the EU's Common Agricultural Policy. Certainly, within the UK, CAP reform is having far-reaching impacts on the way farmers view their businesses; and that, in turn, has potentially dramatic implications on the very nature and characteristics of rural life. As public funded subsidy for food production is removed, the so called "decoupling", farmers are having to face market demand. And the challenge for all there is understanding and responding to the market and changes in consumer demand. Without financial protection linked to production, producers of commodities for which there is no market face little prospect of a sustainable future - or indeed any future. On the other hand, if producers decide to enter the market and supply what consumers want, they face fierce competition - again market principles bite hard.

It might be easy for European meat producers to feel their future is bleak - especially when considered against some of the changes and trends I have identified. But let's not forget quite how big that market is. And let's try to identify opportunities within that market that play to our strengths and abilities, to deliver products which the consumer will want to buy because of the values he or she attaches to those products.

Global Markets and Meat Consumption Trends

Much research has been carried out by respected individuals and organisations such as the OECD and the UN Food and Agriculture Organisation about global meat markets and the trends we can see and predict in those markets. Let's remind ourselves of some of them.

The most recent world consumption statistics show that meat consumption (that is beef, sheep meat, pig meat and poultry meat) totalled 237m tonnes in 2002: a per capita equivalent of 38kg. Between 1992 and 2002 total consumption increased by 31%, and even more dramatically by 77% since 1982.

The greatest increases in consumption over the 10 years to 2002 were for pig meat and poultry meat; though consumption of beef and sheep meat also grew over this period.

There is a wide variation in per capita meat consumption between countries. Highest consumption levels are found in the industrialised and wealthy countries of North America, Australasia and Western Europe, though consumption growth rates are slowing down.

But the most marked growth in meat consumption is in developing countries - largely in the affluent sectors of their populations - where per capita meat consumption has nearly doubled over the past two decades (with particularly sharp increases in the Far East and South America over the past decade). However, the average consumer in developing countries still only consumes just over one-third of the amount of meat compared to his counterpart in developed countries, 28kg compared to 78kg.

In the developing countries economic growth, changing demographic patterns, changing life-styles, and an agro-industrial revolution has shifted consumption from carbohydrate-rich staples (cereals, roots and tubers) to calories from animal protein, vegetable oils and sugar.

Much of the demand in developing countries has been met by increased domestic output in these countries themselves; where relatively low feed prices, technology transfers, and increasing vertical integration and concentration have combined to maintain relatively low consumer prices. Nevertheless, import demand by developing countries has shown an upward trend. And some of these countries offer niche markets for certain meat products that have considerably higher value than in the country of production.

Trade as a share of global meat consumption has increased from 4% in the early 1980s to 11% in 2002. Increasing market access provisions under the WTO, as well as bilateral and regional trade agreements, have served as a catalyst to international trade. Increased product movements into Japan, South Korea, the US, China and Taiwan have all been stimulated by WTO-related trade reforms.

Looking ahead, the strong consumption and trade gains characterising global meat markets are expected to slow over the next decade. Total world meat consumption is forecast to increase by 1.6% a year as a result of population growth. Increasing disposable income per head and continuing changes in dietary habits and food consumption patterns mean that much of the growth will continue to occur in developing countries. However, despite projected annual GDP growth of 3.1% in developing countries, aggregate meat consumption in these countries is projected to grow at an annual rate of 2.9%, less than half the rate over the 1990s. Nevertheless, developing countries are expected to account for a larger share of global meat consumption, rising from 56% in 2002 to around 62% in 2015.

Much of the expansion in global livestock industries is expected to come from poultry and pig meat. The process of vertical integration in these industries will contribute to continuing improvements in the efficient conversion of feed into meat, leading to increased competitiveness of these industries compared to that of beef and sheep meat production. Meat output of ruminants is expected to trail that of the other sectors, limited as it is by smaller farms and limited technical innovation. In particular, low prices of poultry relative to other meats, widespread consumer perception of poultry as a healthier meat, and its acceptability by most cultures and religions are expected to push up poultry meat's share of global meat consumption to 32% by 2015.

While economic and population growth will continue to be key drivers of meat consumption patterns, in developed countries the growing debate about diet - driven by concerns about public health - may influence both the volume and pattern of food consumption, including meat, in the future. At this stage, it is too early to assess the impact of the diet and health factor, but it will be important to monitor it over time.

Although consumption in developing countries is set to increase much faster than in the developed world, this does not imply a corresponding increase in net imports. This is because increasing demand in developing countries should by itself stimulate an expansion of agricultural production. However, production is unlikely to increase by as much as consumption.

Longer-term issues related to intensive livestock production, such as environmental impacts, animal welfare concerns, animal traceability, and labelling, are likely to affect the long-term competitiveness of larger integrated industries, even in developing countries. Increasingly stringent environmental regulations targeting animal feeding operations and waste management will affect the cost structure of industries, resulting in higher producer costs and a loss of competitiveness for specific industries.

<u>The New EU in the Global Context</u>

So where does all that leave the new EU within that global context, and what policies should we be adopting to ensure our longer-term sustainability? Well, I think the market picture I have just outlined gives us evidence for optimism (both in terms of domestic production and consumption across the EU and in respect of exports). Overall, during the next 10 to 15 years, there is likely to be a sustained increase in the demand for meat. I think there is an important role for the new EU to play in international fora, ensuring that standards of animal welfare and wider sustainability issues are part of the global baseline - for example in WTO. But optimism is one thing; what we cannot afford is complacency. No one is suggesting the future offers an easy ride. Easy rides are generally not compatible with the market principles of competitiveness, added value and meeting customer expectations!

<u>Conclusion</u>

So, in concluding, Mr Chairman, I return to my opening observation about changes and choices. Given what I have said, I know which approach I advocate. It is the choice of understanding change and the drivers for it; embracing change rather than resisting it; and actively pursuing the development and enhancement of product supply, to meet the ever increasing demands of the consumer. And, along the way, trying to influence those consumer demands in a way that allows consumers to better understand their purchasing power. Power that can be used to drive up standards and values - the costs of which, at the end of the day, have to be paid for by those same consumers. If the new EU is successful in this approach, I hope we can have confidence in a meat industry that operates to the principals of sustainable development and that is itself sustainable in the medium and longer term.

<u>Curriculum</u>

Back to index

MEAT POLICY IN THE NEW EU: EUROPE'S MAIN INSTITUTIONAL REPRESENTATIVES DISCUSS THE SECTOR'S FUTURE

Michal Radlicki

Ambassador of the Polish Republic to Italy

Ladies and Gentlemen, I have chosen to speak in Italian because we are in Italy.

Firstly, I would like to apologise on behalf of the Polish Government, which is not represented here at a political and ministerial level, but only by an Ambassador, but we are undergoing a change in government right now: in three, five days we will probably have a new government, with a change from left to centre-right. The advantage for you listeners is that I will be very brief.

In the one thousand years of our history, Poland has always involved the land. It has always been a country of peasants, farmers, great farming landowners. This country has always been the granary of Europe: right here, European countries were already buying grain in the fifteenth century, and in subsequent centuries. For many centuries, we have not suffered hunger. In the rare cases in which we did, it was due to repression and war, as various armies frequently crossed this land, fertile plains, and also to periods of dictatorship.

Today, Poland, as in previous centuries, is one of the largest agricultural countries in continental Europe, with great potential and importance of the foodstuff sector. In this sector, Poland is in sixth place in the European Union, with a turnover in production value of over 55 billion Euro. I would like to underline that foodstuff production in Poland is one of the sectors of the national economy in which the technological level is currently the same as that in the European Union. About 2,000 Polish companies already hold the certification required to produce products deriving from animals for Union markets. The list may be found on various internet sites. Some of these companies are also qualified for exporting towards third countries. The value of exports of foodstuff products in 2004 was 30% higher than the previous year and amounted to over 5 million euro. In January 2005, exports rose by 31%, imports by 37% and credit by 15% compared to the same period of the previous year.

Poland is one of the largest European meat markets, especially for pigs and chicken. Our farmers are increasing and this increase is further demonstrated by the production of beef as well. Although the number of cows in past years has fallen to 5 million from the 13 million recorded at the end of the seventies, experts in the sector are in any case convinced that increasing production profitability will in a short time increase national beef production.

On the other hand, the situation is very positive as regards the production of pig meat. The national statistics institute stated that in July 2005 the number of animals increased by more than 6% compared to the previous year and amounts to 18 million pigs. Experts are convinced that by the end of 2005 the number of pigs will increase fur-

Back to index

ther to 18.5 million animals. Exports of pig meat in 2005 will increase to 210-220,000 tonnes, and estimates say that it will rise to 270,000 tonnes in 2006.

Ladies and gentlemen, consumers can have full faith towards meat and its derivatives of Polish origin. Our companies in the foodstuff sector, following their modernisation, are frequently in the vanguard in the European Union. The quality of meat and preserved meats is highly appreciated by consumers in European Union countries and others.

It should be mentioned that there are 700 slaughterhouses and distribution companies for red meat producing for the European Union markets in Poland, including 73 refrigerating cells for stocking, 195 slaughterhouses and distribution companies for meat and chicken and 450 meat processing companies.

There are 1,264 slaughterhouses and distribution companies for pig meat and beef, 150 slaughterhouses and distribution companies for chicken and more than 1,000 meat processing companies producing for the national market.

There are also more than 540 meat processing companies producing for so-called direct sale on local markets in Poland.

During controls carried out at production companies, especially slaughterhouses, the national veterinary inspectorate emphasises the requirement of adopting the HACCP system and the regulations concerning the well being of animals. Adjustment of Polish legislation to European regulations concerning veterinary aspects involves about 1,000 national laws, including five which specifically regulate customs controls, the commercialisation of foodstuff products, veterinary requirements for animal products, the prevention and elimination of infectious animal diseases and animal health.

Veterinary inspections also have the aim of adopting, by mid-2006, all the European Union regulations concerning the well being of animals during transport. Currently, works are ongoing in Poland to prepare the regulations which would implement the national hygiene law following the directive of the European Parliament Council.

The special attention being paid by the competent Authorities towards legislation concerning veterinary inspections and the issuing of numerous executive dispositions for current legislation has enabled the successful commercialisation on European Union markets of foodstuff products produced in Poland.

Thank you for your attention.

Curriculum

Back
to index

MEAT POLICY IN THE NEW EU: EUROPE'S MAIN INSTITUTIONAL REPRESENTATIVES DISCUSS THE SECTOR'S FUTURE

Søren Skafte
Minister at the Danish Embassy in Rome

It is a great pleasure for me - substituting the Danish Minister for Food, Agriculture and Fisheries, Mr. Hans Christian Schmidt - to address such distinguished assembly of meat and livestock professionals at this IMS Regional Conference in the beautiful city of Rome.

As Hans Christian Schmidt in this very moment is seeking a mandate from the Danish Parliament before the next Agricultural Council meeting in Brussels I am sure You will excuse him for not being present.

As the conference theme makes clear, the new enlarged EU of twenty-five states is looking outwards as a producer, importer and exporter of meat. The latest reform of the Common Agricultural Policy and its embodiment in EU policy for the meat sector, the implications of the successful completion of the WTO Round, the consequences of the structural modification of the European meatsectors, and the requirements of the European consumer are just some of the interesting topics addressed at this Conference.

I wish to thank Assocarni, the Italian meat industry and its representatives for their dedication and enthusiasm in organizing a very practical and timely conference and for giving me the opportunity to present a Danish view on some of the challenges we all face.

Allow me to briefly describe the role agriculture and the associated food industry plays in the Danish economy. The role is important and this is true with regard to GDP, employment, the balance of payments, etc. It is therefore the objective of the Danish Government to provide the best possible business environment for this sector - not only for the benefit of the sector itself, but also for the benefit of Danish society as such.

The concern of improving the business environment applies not only to the food sector, but also to other industries in Denmark. It becomes even more important, in light of the pressures of globalization. For Denmark as for many other countries, globalization is becoming a major issue.

It is an ambition of the Danish Government - of course in heavy competition with other countries - to place Denmark among the most attractive countries in the world, when it comes to business environment in terms of e.g. regulations, a flexible labour-market, education, know-how, innovation, and science. These are important parameters for keeping Denmark among the most competitive countries of the world. According to a recent study by World Economic Forum we are actually number 4 in the World - after Finland, USA and Sweden and before Taiwan.

In many countries in a weak competitive position globalization is considered a threat. From the Danish point of view, globalization is of course a challenge. But it is also - and above all - a promise. Denmark with only 5 million inhabitants does not have a large home market. We therefore need a larger and a freer market, both in agriculture and other fields. This will not only create growth in our own country, but freer trade will also stimulate growth globally.

The Danish Government backed by a vast majority in Parliament is therefore a strong advocate of the liberalization of trade, - also in agricultural products. To this end, the recent reform of the EU Common Agricultural Policy and

Back to index

the prospects for the WTO-negotiations are very important.

Provided our partners – and indeed competitors - in WTO show the same flexibility, we want agricultural policies to be gradually more market oriented and we want to significantly reduce trade distorting agricultural support.

The CAP-reform brought us far in these respects. A good conclusion to the Doha-round will bring us further and give clear benefits to all.

We are well aware that not everybody in EU-25 shares our optimistic view on the prospects for the food sector in a more liberal international environment. We actually believe that Denmark is rather well equipped for the increased globalization and competition. We are considered to be an efficient and well-organized country with a high standard of living, high level of education, a competitive commercial sector and a stable labour force. Furthermore we have a well working parliamentary system with political stability.

Liberalization of course means new challenges, not least for the agricultural sector and certainly not least for the meat industry. Competition will be tougher. Our focus will have to be on quality and innovation - identifying and seizing the opportunities in the market, both in the EU and globally.

The Danish government will have to provide an even more enabling business environment and the Danish food industry has to try even harder to produce food of high value and quality. The aim is the export market and in particular the high quality and high price segment of it.

For this to happen we must forge ahead on research in biology, microbiology, food safety and quality. These are areas, where the public and private sector can work together.

It is in fact an ambition for the Danish Government to use one percent of Gross National Product on public research and science. Knowledge gained from research in the food industry must be put to practical use.

Growth in the agricultural sector also means new challenges, especially within environmental effects, animal welfare and food-safety. Our tested - and proven - premise is however, that there does not have to be a conflict between on one hand the growth and on the other high standards on environment, animal welfare and food-safety.

It is however essential that the concerns of food-safety, animal welfare, environmental responsibility are based on a public-private partnership, where the common ambition is to maintain high standards in Danish food production. Ultimately we have a common aim, which is that consumers - in Denmark as well as abroad - may continue to trust and enjoy Danish food.

The Danish consumers are very demanding - especially with regard to food quality and food safety. This is also why Italian food and Italian wine is highly appreciated in Denmark.

The Italian consumers are just as demanding as the Danish. And to me it is therefore obvious that Carne Danese and Danish food products in general have a natural place in the Italian food processing industries and on the Italian tables.

Italy is - and rightly so – regarded as one of the worlds leading gastronomic centers. Therefore, we are very proud of the fact that the Danish export of agricultural products to Italy - especially Danish pig meat, beef and veal are very substantial. Italy is in fact our second most important market for beef and veal and the fourth biggest export-market for Danish pigmeat.

The Danish food export exceeds more than 10 billion Euro. If you measure this pr. capita Danish export is actually much higher than that of Italy, France and other well-known food exporters. The Danish agricultural and food export amounts to between 10 and 15 pct of the total Danish Export, and the Danish export to Italy amounts to almost 1 billion Euro if we include our export of fishproducts - more than 40 pct. of our total export to Italy.

I think it is a well-known fact that Denmark has one of the highest animal health statuses in the world - a position, which we strongly strive to maintain. Our veterinary and sanitary control is for the same reason based on full traceability and transparency - from stable to table and from farmer to industry.

Food safety standards are supported by efficient control systems from production of animal feed to the final product. Also, the openness and transparency of Danish food safety policy contributes to strengthen credibility, both nationally and internationally. Monitoring and inspection programmes document the high standards of food safety

Back to index

and animal health status.

Our companies know the importance of respecting the wishes of their clients. They are used to develop and adjust their products, they are innovative and they know the importance of punctual delivery. In short – they listen to their clients!

Today, Denmark is among the biggest meat exporters to the Italian market and to the world market – and of course we would like to do even better. The question is – will we be able to accommodate the increasing demand?

In order to provide answers to this question allow me to expand a little on our 2 most important sectors: pigmeat and beef and veal.

Despite its small size of just 44,000 sq. km, Denmark produces around 24 million pigs. Denmark has approximately 11,000 pig producers, and I have to mention, that 95% of the producers are members of Danske Slagterier (also known as Danish Bacon and Meat Council), a co-operatively owned industry organization founded 150 years ago. With a population of 5.3 million, domestic consumption accounts for only 15% of the pork produced, and the remaining 85% are exported worldwide. But still, the consumption of pigmeat in Denmark amounts to around 44 kg per capita. The value of the export of pigmeat amounted in 2004 to more than 2,5 billion Euro. Opposite to the pigsector the importance of the Danish cattle sector has diminished during recent years. In 2003 the value of the production of milk and beef amounted to almost 2 billion Euro. This was more than 40% of the total value of animal production and 26% of the total value of agricultural production in Denmark.

During the years 1975 to 2003 the cattle population decreased by 45%. The number of dairy cows decreased by 47%, whereas the number of suckler cows increased by 14%.

The bigger reduction in cattle population came from male animals. The population was reduced by 55% during the years 1975 – 2003.

Along with this structural development the numbers of dairies and slaughterhouses for cattle dropped considerably during the years 1975 to 2003.

Even if the dairy cow population in 2003 was just about half the numbers for 1975, the total milk production dropped only 4%. The reason for this is a big increase in milk yield per cow. In contrast, the production of beef and veal during the same period dropped by almost 40%.

Still Denmark export around 80.000 tonnes of beef and veal and around 27 pct. is exported to Italy - the second biggest market for Danish beef and veal.

Danish agriculture and food industry is basically dependent on animal production. On this background it is no surprise that we in Denmark focus a substantial part of our efforts on handling the animal production in a veterinary and cost-efficient safe way and in the way that satisfies the demands of the consumers.

Intensive research and development solutions have in Denmark paved the way for a wide range of advanced slaughtering and meat processing technologies:

- carcass grading,
- measurement techniques and equipment,
- cleaning systems,
- handling, processing and packaging,
- trimming, deboning, portioning and labelling,

just to name a few…

The Danish Food Industry has developed expertise in different specific areas and please allow me to mention, that not only can Danish companies supply you with rawmaterials for your food industries, but Danish companies can also supply the necessary equipment – be it measuring, cutting, deboning or other equipment.

In Denmark the CAP-reform has been implemented from January 2005 and in the future, the vast majority of subsidies will be paid independently from the volume of production. To avoid abandonment of production, we have maintained a limited link between subsidy and production under well defined conditions and within clear limits.

Back to index

These new "single farm payments" are linked to the respect of environmental, food safety and animal welfare standards. Severing the link between subsidies and production will make farmers more competitive and market orientated, while providing the necessary income stability.

The resulting impact on the future export of meat from Denmark is difficult to estimate. Clearly the production and export of pigmeat are much more dependent on the future level of prices for fodder and the meat prices at the world market.

Regarding the Danish production and export of beef and veal the best guess right now is status quo but with a tendency to declining production and export.

As to the EU enlargement with the Central and East European countries this was - as you are probably all aware - a top priority for Denmark - and the benefits of enlargement are already visible.

The enlargement strengthened the EU's ability to meet the challenges of the new century. The inclusion of the new Member States improves our capacity to safeguard Europe's environment, to combat crime, to improve social conditions and to manage pressures from migration.

The EU enlargement meant - and still means – an opportunity for the new Member States to improve their living standards and their prospects in a global competition. The new Member States already conduct between a half and two-thirds of their trade with the EU. The rapid growth in trade has helped to develop new markets and investments.

The single market of the EU is one of the biggest achievements of the EU.

Full integration of the new Member States, together with the adoption of common rules and standards across the world's largest single market, has further enhanced the opportunities to achieve economically and environmentally sustainable growth.

Still it is a fact that many rural areas in EU have problems. A powerful EU Rural Development Policy is called for. Special emphasis should be put on competitiveness, environmental sustainability and economic diversification of the rural areas in the entire EU.

To this end the Lisbon Strategy provides a special impetus but many member states are still waiting for the results in the form of a much desired growth and jobcreation. The Rural development Policy could be a good instrument through which the Lisbon objectives can be implemented.

It has to be recognized that agriculture's wider contribution to the EU's prosperity is considerable. The agri-food sector (including beverages) accounts for 14.2 pct. of total EU manufacturing output, with 675 billion Euro worth of production. It is the third largest employer in Europe and the second biggest exporter of foodstuffs globally, with agricultural exports worth more than 61 billion Euro in 2002.

Let me wrap up by emphasizing that the most important economic advantage of the EU-membership for Denmark and the development of Denmark has not been the agricultural subsidies. It has been the inclusion in the single market. The EU single market has brought along better standards for productivity and thereby improved living standards for the Danish people. These have been followed up by the structural changes which competition imposed upon the Danish economic sector – including the farmers and the food industry.

Thank you for your attention. I wish you all a continued successful conference, and I wish you all good luck.

Curriculum

Back to index

MEAT POLICY IN THE NEW EU: EUROPE'S MAIN INSTITUTIONAL REPRESENTATIVES DISCUSS THE SECTOR'S FUTURE

Joseph Daul

Chairman of Committee on Agriculture and Rural Development, European Parliament

Text under construction

Curriculum

Back
to index

MEAT POLICY IN THE NEW EU: EUROPE'S MAIN INSTITUTIONAL REPRESENTATIVES DISCUSS THE SECTOR'S FUTURE

Mariann Fischer Boel

EU Commissioner for Agriculture and Rural Development

Ladies and gentlemen,

I hope that you are enjoying this year's International Meat Congress in Rome.

Like other agricultural sectors, the European Union meat sector is moving through challenging times in several aspects. The enlargement of the European Union has brought new challenges and opportunities to producers in the old and in the new Member States.

The reforms of the new Common Agricultural policy agreed in 2003 and 2004 are already having an impact on the meat industry and on the beef sector in particular, and the international talks in the Doha round will re-shape international farm trade if we find an agreement in Hong Kong in December.

Things are changing, and it would be natural to feel anxious when looking at the scope of all these changes, but the European meat sector needs to draw strength from what it has already achieved and face the future with determination.

We have had to deal with serious problems of animal diseases and food safety, and we have come through them. The huge stocks of beef which built up during after the BSE crisis have gone; that is a tribute to the industry's energy and hard work, and the European Union's enlargement has been taking place without any destabilising effect on the beef and pig meat markets.

Much of the battle ahead will be about telling consumers clearly what is so special about the European meat. After all, there is a lot to tell them about quality, about reliability and about the high standards of care for animals and for the environment which we observe in our farming systems.

The need to communicate these points is something that the meat sector shares with other parts of the European agri-food industry, and like other players in that industry, the meat industry can rely on the full support of the European Commission in the years ahead.

One aspect of that support will be making sure that cap reforms are implemented well, in particular the single farm payment and cross-compliance, and we will monitor their impact carefully. We will also negotiate hard in the WTO for a conclusion to the Doha round that does place the burden of more open world trade only on the shoulders of the European farmers and related industries, such as the meat industry.

The future holds challenges, but it also holds openings.

I wish you and enjoyable and stimulating conference. Thank you.

Curriculum

Back to index

MEAT POLICY IN THE NEW EU: EUROPE'S MAIN INSTITUTIONAL REPRESENTATIVES DISCUSS THE SECTOR'S FUTURE

Hermanus Versteijlen
Head of the Unit for animal products - D.G. Agriculture and Rural Development, European Commission

Ladies and gentlemen,

As you've now heard, there's a change to today's menu for the next few minutes: Commissioner Fischer Boel was very much looking forward to addressing you in person, but urgent WTO business has had to take priority.

This is certainly no indication that the meat sector attracts less attention within DG Agriculture than it used to.

Be assured that the Commission follows very closely what is happening in the meat industry. Not only does the sector represent about 20 % of agro-food industry turn-over and support 17% of employment; it also plays an important role in managing the EU's landscape – a key objective in the reformed Common Agricultural Policy.

And of course, you can be sure that in the Commission we remain very vigilant about the safety of meat, given the background of the last few years.

In my presentation I would like to look a little at the past, the present and the future. I will try to take the statements of our Commissioner and put some flesh on the bones at a technical level.

EU enlargement: a job well done

First, then: a few comments about something important that has already happened.

The absorption of 10 new member states into the EU is one of the Union's largest achievements in many years. It had heavy significance for the meat industry - and I think it's fair to say that the process of market integration has gone well.

Of course, beef production in the new member states is relatively modest. But pigmeat production is much higher: its recent average of over 3 million tonnes represents nearly one-fifth of output in the EU-15. In neither market have we seen a significant disturbance since May 2004. There have been price adjustments here and there – particularly for beef in the new member states – but the fundamentals are holding up well, as I'll outline in a moment.

At the same time, meat safety does not appear to be posing serious problems. I have to mention this issue briefly even though it does not fall under the responsibility of Commissioner Fischer Boel. The systems which we put in place to ease the integration of meat plants in the new member states into the EU system seem to be working so far.

So, a year and a half after enlargement, I think we can all give ourselves a gentle pat on the back. The meat sector has adjusted well, and such smooth adjustment does not happen without careful preparation.

The pigmeat market: exports booming

Enlargement is an event in the past, and as I promised earlier, I'm going to move on to talk about the present and a little about the future – first of all, sector by sector, then more generally.

I'll start with pigmeat – if only because the policy context is a little simpler for this market than it is for beef.

Back to index

The Commission expects pigmeat production to be stable this year – at around 17.9 million tonnes in the EU-15, and perhaps 21.1 million tonnes in the EU-25. 2006 could bring a slight increase of 200 000 tonnes in the EU-15.

In terms of exports, the news has been very good. 2004 saw us break a record: we exported 1.8 million tonnes (product weight), which marked an increase of 20% on the 2003 figure.

Let me also remind you that 90% of these shipments took place without the help of export refunds.

The Japanese market will in some ways be the one to watch over the next few months – especially as it's currently there that we make the most money.

On the one hand, it's likely that sales to this destination will drop by about 10% this year. This is because last year was particularly good for us: Japan wanted more pigmeat to replace beef and poultry supplies which had been disrupted by BSE in North America and avian influenza in south-east Asia. This disruption is now subsiding.

On the other hand, it's very encouraging that, on 1 August this year, the Japanese government imposed no safeguard measures on pigmeat imports – for the first time in 4 years.

As for prices: well, thanks to stable supply and healthy exports, the EU market has been firm – though it may weaken a little in the coming months for cyclical reasons.

I'll come now to the longer-term picture.

We expect pigmeat production to climb between now and 2012 - but more slowly than during the 1990s, because of strong competition from poultry meat. Output could be about 22 million tonnes by 2012, which would be 3.8% more than this year.

The outlook for consumption is also essentially positive. We project that the average EU citizen will be eating 44.4 kg of pork each year by 2012, compared to 43.5 kg in 2004. The biggest gains should be seen in the new member states, as incomes improve.

Will the CAP reforms of 2003 and 2004 have an impact on the pigmeat sector?

They will have a certain impact since cross-compliance rules apply also to pig producers. If these are not respected, pig producers will be penalised through reductions of payments for their home-grown feed.

However, there are fewer direct implications for pigmeat than for many other products, since the only two support instruments available are export refunds and aid for private storage. Indirect influence may be as important – via the beef sector, for example.

The beef market: response to reform unfolding

So, what about the beef sector?

Here, the potential impact of CAP reform is much greater. This is because in the past there have been a number of headage payments, whereas now most of this subsidy is being made independent of production through the Single Farm Payment.

The short-term effect was that cattle slaughterings went up sharply at the end of 2004 and the start of this year. We believe this marked a decision by producers to benefit from the last payments of existing premia before they are absorbed into the Single Farm Payment.

This year's beef production in the EU-25 will probably be around 7.9 million tonnes – 1% below last year's level. We forecast a total of 8 million tonnes for next year – up 1.5% - as the UK's Over-Thirty-Month Scheme comes to an end.

By the way, that extra supply in the UK will be a mixed blessing for the EU: many meat processors may welcome the extra raw material, but around 70 000 tonnes of Irish beef could be displaced from the British market, and would therefore go looking for buyers elsewhere in the Community.

The current balance of production and consumption is much healthier than in the early 1990s, when unwanted stocks were building to worrying levels. The market is tight, with prices above the trend level of recent years.

This is reflected in developing trade patterns. The EU became a net importer of beef in 2003. Since then, the gap

Back to index

between imports and exports has widened, and this is likely to continue. Net imports of beef products in the first half of this year were over 150 000 tonnes.

In the longer term, we expect the market to hold up well. CAP reform will probably lead to a decline in domestic production, while consumption should remain firm. There's an opportunity to raise the profile of beef in the new member states, where the average consumption per head was just 6 kg in 2004, against 20 kg in the EU-15.

Imports may well continue to expand – even at full duty. This may sound threatening, but we should bear in mind that they currently account for only 6% of overall supply, and don't appear to have been playing much of a price-setting role for the time being.

The Doha Round: a large question mark

The tentative forecasts which I've made so far assume a constant policy context, in domestic and international terms. But of course, reality has a habit of getting ahead of us and demanding that our forecasts catch up. And we'll almost certainly have some catching up to do if a deal is struck in the WTO Doha Round.

The section of these talks dealing with domestic support for agriculture is perhaps of only limited immediate concern to the meat industry. A related point I would make is that, beyond this round, it will be helpful to the EU to bring as large a proportion of beef payments as possible into the Single Farm Payment: this places them in the Green Box of least-trade-distorting support, where they are less vulnerable to attack from our trade partners.

With regard to discussions about export competition: you probably know the EU's stated position. We are prepared to abolish agricultural export refunds if other WTO members will end the subsidy elements of food aid, export credit programmes and state trading enterprises. We don't yet know whether this trade-off will be accepted, but it has a realistic chance of success, so we need to keep it in mind.

Of most immediate concern to the meat industry are the negotiations about market access, where big agricultural producers around the world are pressing very hard for deep cuts to import tariff protection.

There's no getting around the fact that freer agricultural market access is one of the prizes sought most urgently by some big players in this WTO round. Nevertheless, the EU is stoutly defending its position that a range of "sensitive products" should be subject to shallower and perhaps slower tariff reductions.

We're also trying to bring non-trade concerns off the sidelines of the talks. That includes issues like animal welfare, on which EU farming has an excellent record but also higher costs as a consequence.

There's a lot at stake in the Doha Round, but the EU is fighting its corner very hard: this is why Commissioner Fischer Boel couldn't be with you today.

Questions to be answered

This is the background against which the meat industry has to take its business decisions. And the industry knows best how to respond. But you'd probably be a little disappointed if I didn't offer one or two final comments on the future, on behalf of the Commissioner.

First, in an environment that is not growing any less competitive, some restructuring will probably be needed.

Beyond that, one of the main challenges for the meat industry – as for all branches of the EU agrifood industry – is to give a convincing answer to consumers who ask: "Why should we buy your products rather than products from elsewhere?"

I think that the CAP as it now stands provides a good framework within which to put an answer together.

Part one of the reply must be: "Because our products are the products you want." The new CAP is helpful here because, thanks to the decoupling of aid, farmers and their business partners can respond better to the market, undistracted by the need to juggle a complex range of subsidies.

Support is also available through our Rural Development Fund to boost product quality and improve its certification.

Back to index

And part two of the reply might be: "Because when you buy our products, you buy more than the just the products." Since the CAP reforms, more than ever, EU meat production is based on a farming system which takes good care of animals and nurtures the environment. If this works against us in terms of costs, then we must make it work for us in terms of markets.

Not every consumer will be prepared to pay a little more to "buy" humane treatment of animals and sound environmental practice along with a steak. But many will – if they are confident about what they are paying for.

It is essential that we show ourselves to be world-beaters in terms of product quality. And it is essential that we foster and capitalise on the awareness that food does not simply appear on the table – that its production has profound links with the physical world that we live in.

This is the recipe for taking on the competition in a world of highly mobile food trade and constant pressure on import protection.

Where the Commission can reasonably help make that recipe work, we stand ready to do so.

Thank you for your attention.

Curriculum

Back to index

RESEARCH AND INFORMATION TO HELP CONSUMERS CHOOSE

Ferdinando Romano
President of INRAN, Italian National Institute for Research on Food and Nutrition

Thank you Chairman,

I shall speak in Italian, even though the slides are in English, except for a few showing news from the national press. One of the many problems we have in this complex dimension of nutrition is training, informing and educating people to eat better or at least to eat without giving rise to adverse effects on their health.

The basic problem is how to convey information from the world of research to the man in the street. For what purpose? Obviously to induce change: if we do not induce change, everything that is produced by research lacks substance in the end. We obviously have a certain amount of experience behind us, yet despite research has produced an enormous quantity of extremely important information for daily use, people are still not able to command their own diet in sucha a way as to stay in good health.

Children are becoming ever more obese, Italy takes first place in Europe for child obesity, with 25-26% of children who are overweight. This is an extremely high figure. So what is the basic point? Please bear with me, this is a very important point. Science, the world of science and the civil world and society generally speak different languages, they very often do not understand each other. Very often the two worlds are unable to find the same wavelength. What can be put between the two? The mass media. What happens? In order to communicate as scientists with consumers we obviously require a medium. What happens? A quite significant thing happens, considering that we represent the institutions and do not have sufficient space in the media. This is tantamount to saying that the truth does not make the news; this is true in the world of science. The things that people ought to know do not rank as news, they do not stimulate the attention of the media, there is no room available in the mass media for bringing information to the man in the street. Let me give an example. We are at this Congress and we are talking about meat, so we have to give red meat as an example, because it is an important example to guide us along this way. So. These [*please see slides*] are examples taken from the national press. What happened in the national press? We have had very influential personalities, representing the scientific world, who made authoritative statements. The first is Umberto Veronesi, perhaps one of our country's most distinguished scientists, who made an important statement. He said: “meat, along with milk and other products, can be responsible for tumours”. And this is a statement that – as I perceive it from the Institute for Nutrition – was emotionally upsetting for people. Many people wondered: “is it true or not?”, many people asked us: “well, is it true or isn't it, can we go on eating meat?”

Another piece of news from the press. Fernando Aiuti, an important immunologist, says: “those who deprive themselves of meat are courting disease. A vegetarian diet is devastating”. This statement is in contrast with the previous one, but is made by a very prominent personality. Another statement, again from Veronesi: “it is not true that we require meat for sustenance”. Here again, in a top national weekly, with a large circulation.

Back to index

Here is another example, a highly disturbing one, which is taken from the national press and refers to the zone diet. “Do you feel fat? Do as Clinton, Brad Pitt and Schwarznegger do, follow a zone diet, a hyperproteic diet”.

Again, information that confuses people.

And then, there is one of the most recent episodes, Pezzali winning the gold medal in the foil, and the press says: “a gold medal won thanks to a hyperproteic diet”. So this is the world in which we find ourselves, a world where people are reached by quality communication but communication that is obviously made by what we shall call “columnists”. What are the consequences? We have seen it, we perceive it, we experience it directly in Italy: this emotional impact conditions people, who are induced to change their food habits cyclically and cause genuine fluctuations in consumption.

It is obviously the main consequence of the negative impact on health. What is the problem? It is fairly simple and complex at the same time. The scientist expresses a qualified opinion. When he/she appears in the media, a qualified opinion becomes a trend and influences behaviour. What do we have available at this stage? The institution. The institution does not express a qualified opinion; the institution, I want to say this precisely because I am President of an Institution; the Institution expresses information based on evidence: I have a medical past and I can say that the information produced by the Institution is the result of the analysis of scientific literature and is no longer an opinion; it is rather the best possible evidence in the light of scientific data.

This is the problem. We have results of research that must reach the man in the street and probably need to be adapted to the interests of the mass media. Yet, the institutional aspects must clearly be taken into consideration as they bring, forgive the strong expression, the truth to the people.

At this point, the Institute for Nutrition produced these National Guidlines for a Healthy Diet in 2003 and distributed them in 2004. This slide [*n. 11*] shows you a substantial difference: it is not the individual scientist who speaks to people, it is a committee of 35 people representing the best of national expertise who produced these guidelines.

So now we begin to understand the difference, and to what extent the Institution must commit itself to transferring information and research results to people. Yet we find ourselves faced with this gap between media interest and the Institution that needs to communicate. We obviously discuss meat in these guidelines, of course I shall not read them to you, but we give specific and precise information on how to place meat within the diet. We do not make scoops, nor sensational news, we only give people and tell people the information they need to know in order to orient their eating habits better.

Again, another important issue, how did this dissemination of the guidelines originate? Two and a half million copies of these guidelines were printed for this purpose and circulated with seven national daily newspapers; in my opinion, based on various impact assessments we carried out, they accessed the majority of Italian households.

What does this mean? This is a first fundamental point which ought to be emphasised. This is taken, of course, from the 2003 WTO-FAO report [*slide n. 14*], and it says something important: it is clearly necessary to fill the gap between scientists and the public, it is necessary to find and institutionalise spaces for transferring research information to the public at large. If we do not find suitable institutional spaces we shall simply have, as is the case at present, opinions that sometimes spread enthusiasm and other times fear. If we do not resolve this lack of balance, it is probable that a lot science and a lot of information will never be made available to people. And it is absolutely necessary to underline this point, in order to stress the relationship between scientists and institutions and how institutions must play a prominent role and find appropriate spaces.

A second fundamental point is the information that is conveyed to people. Let us stay with red meat: what are the results of research, what information do we give? At this point I am not so much addressing you as President of the Institute of Nutrition but as a Professor of Hygiene and a clinical epidemiologist, which is one of my areas of expertise: does research today, the research published in scientific literature that reaches people through newspapers or textbooks, give us useful information that is still applicable? Let us ponder on this, here is some of the more recent and most important work [*slide n. 16*] published in the major scientific journals associating meat with tumours or cardiovascular diseases. These are very recent works that somehow make these associations. Many of these studies reflect quite well-established associations, which Verones mentioned in his statements, for example the association

Back to index

between meat and certain types of tumour. We must ask ourselves a question. Are these associations that are currently suggested to people and cause concern valid? or not? do we accept them as risk indicators or lines of action? An obvious question is: What are the elements of risk in meat? Fat content, cholesterol, saturated fatty acids and, instead, a risk-reducing factor are the mono-unsaturated and poly-unsaturated fatty acids. This is the context.

How can we reflect on this, therefore? We know perfectly well that the effects on health can only be seen if we think in terms of exposure lasting 30, 40 years. These, the most recently published epidemiological studies (2005/2004), refer to a relationship between meat and disease that take into account exposure over the past 30, 40 years. These are the figures. Today's result refers to meat from 30, 40 years ago. The composition, the element, so to speak, that ought to create some doubt is that the profile of meat in terms of fatty acid composition has changed profoundly over the past thirty years. This is what has happened, these are our data: in '73 we had 15% total fat, today it is 1,2%. The composition has changed, the lean part of meat. So the meat on which studies have been conducted and which has produced today's results is profoundly different from today's meat. Over the past 25 years, there has been a dramatic fall in saturated fatty acids, the harmful ones, and a considerable increase in the polyunsaturated ones, those that are good for you. Meat today is completely different from how it used to be. Today's studies, those published in scientific literature, obviously refer to exposure to meat from other times; so the question is: "What must we do?" Should we take them as they are and pass them on to people, or should we re-evalute them? Our duty as scientists obviously requires us to re-evaluate these studies with care, to re-define risk indicators and, of course, to follow new avenues in risk analysis and impact on health, in the light of new data that have emerged. So in this case, too, when we speak of transferring research findings to the public, the information produced by research and passed on to people need to be guaranteed and certain. As an epidemiologist today, I say that at this time the risk indicators and the risk associated with meat consumption for these phenomena are not entirely applicable; they need to be completely revised, re-studied and re-analysed, and it is probable that there is certainly a reduction in risk.

So these are two elements that influence us: who is to transfer research findings and, as a preliminary issue, whether or not we must transfer research findings. These elements of uncertaintly today need to be resolved, in one way or another. I will just conclude with a final slide, which also refers to the 2003 report and assumes that the people involved in research, the government, civil society, and so forth act along common lines, so to speak. And, of course, what is the meaning behind this call? It is an important meaning, because up to now, this common action, which was codified years ago, is still very far from being put into practice. Thank you.

Curriculum

Slides

Back to index

EFSA AND ITS ROLE IN THE EU SYSTEM

Geoffrey Podger
Executive Director of EFSA - European Food Safety Authority

Text under construction

Curriculum

Slides

Back
to index

THE IMPORTANCE OF HARMONIZING VETERINARY AND HEALTH LEGISLATION IN A GLOBAL MARKET

Romano Marabelli
Past President OIE and General Director of Italian Veterinary Services

Thank you, thank you for the invitation to this World Congress and thank you also for the topic I have been assigned which, at least from my point of view, I think precisely pinpoints the problem. Guarantees for consumers are indeed also a guarantee that the international market works properly.

It is not naïve to think that the European Union's first Directive – it was called the Common Market then – in 1964, after the signing of the Treaty of Rome, concerned the meat sector and the harmonisation of slaughtering facilities. The European Union's Founding Fathers realised from the outset that harmonising health measures was crucial to guaranteeing trade, as actually came about thirty years later in 1992, when the Internal Market was established. It follows that the harmonisation of international rules is the keystone on which results can be obtained and, above all, consumer confidence can be ensured; as we have seen in recent years and on various issues, and we are seeing it now with avian influenza, consumer behaviour is very closely tied to perceived safety. Giving a uniform message is therefore decisive.

In my view, to put it very briefly, the existing degree of harmonisation of veterinary health rules at the international level, meaning in the global market, must be considered insufficient. It is insufficient because, despite the efforts of international organisations, different positions continue to exist and there continue to be different behaviours which, besides slowing down the development of international trade also give rise, as I mentioned earlier, to a certain amount of confusion in terms of communication. This is supplemented by a considerable problem when it comes to giving professionals, including health and economic professionals, firm points of reference. In this sense, I believe that we ought to have more courage, as Europeans, as a Member State of the European Union, in playing a more effective role in international organisations such as the OIE, the FAO, the Codex; and, once having obtained results within these organisations, we ought to have the courage to implement in a more consistent manner the indications that we ourselves, as Member States of different organisations, often support in varying degrees.

I have the honour and the pleasure of being part of the strategy group which should prepare the European Union's guidelines from 2007 to 2013, and one of the points on which I have spoken and on which I am trying to obtain a consensus is the idea that European Union rules ought in the future to be strongly connected to OIE rules in particular, both for purposes of simplification and clarity for all who operate in this field and to establish a reference point and an atmosphere of confidence among members of this large organisation, which brings together nearly all the countries in the world, who recognise it as the world organisation for animal health and who cannot go to Paris to support certain positions and then return home to implement different ones.

Clearly, if an area having the importance and credibility of the European Union – as we have also seen today with regard to the creation of the European Authority in Parma, with our friend and colleague Mr Podger, is not the first

Back to index

to embark upon this route, it is then difficult to ask others to adopt such an approach.

The basic issue, therefore, is to establish reference points in a democratic manner and then to go on from there. This also applies if we are looking to simplify legislation; I am speaking particularly of EU legislation. Our efforts in this sense have also concerned recent rules, which will enter into force at the beginning of the year: in this sense, the EU has made considerable efforts to respond to the expectations of consumers and professionals, to have uniform rules from the stable to the table, and therefore to apply the same rules both to food intended for the primary stage, i.e. animal production, and for the subsequent food processing stage; it is also indispensable to strike a greater balance between rules applying to animal and to vegetable products.

Consumers eat both these types of food: animal products such as meat carried particular risk in the past; I believe that today, with the new techniques, we can ask for uniform rules and above all ask that vegetable products, too, which used to have simpler rules, adopt comparable guarantees.

It is obvious, however, that application of such rules must be suitable to our purpose and must not overshadow the true primary objectives of safety, which is an added value for production and for trade.

There are issues connected with specific activities within production plants, there are issues connected with the safeguarding of animal welfare, there are issues connected with the control of certain animal diseases, there are issues connected with animal transport, which must be consistent. One at times has the impression that those who ask for more get more, that a winning strategy is to appear as a champion of higher things, though these are not always within reach and, considering modern technology, are not always truly necessary to guarantee consumers.

In this sense, I consider it important that the industry and the authorities together invest more in innovation and in new technology. Today we have a world meat market that benefits from modern techniques and allows meat to be transported and maintained in optimal conditions thanks to investments made in technology. I think that we can do more and probably therefore combine the simplification of rules with the use of more advanced techniques that achieve the same objectives.

One issue that certainly needs to be clarified once and for all at world level is the correct implementation of rules concerning regionalisation.

So we must be clear on this and we must have courage; the world has become a global village. States are important but homogeneous regions are what counts. It is a known fact that there are large countries which have regions that are large on their own count, and there are smaller countries, such as Italy itself, whose facilities however allow a suitable separation between activities and controls, in the event of health problems arising.

Regionalisation is a principle that we introduced at the OIE and in other international bodies for the very purpose of guaranteeing citizens, on the one hand, and the continuity of producers on the other. We must have the courage to enforce it, we must have the courage to ask everyone to enforce it along the same lines: this is the first rule for guaranteeing mutual trust. There is no getting away from the fact that all this, even when we have managed to write it legibly and to everyone's satisfaction in international regulations, requires suitable services, health and veterinary facilities that are capable of responding effectively to these needs; these must be a true added value for producers. And there is no getting away from the fact that no rule, precise and objective though it may be, will ever be enforced if the fundamental element of mutual trust and confidence is missing. There is no escaping the fact that today, apart from the rules, it is mutual trust above all that holds force. Indeed, perhaps the diversification that we see in the enforcement of rules basically depends on this, there is no point in denying it. Each one of us participates in international groups, in the health sector and in the production sector, but once we have returned home, our perception of international relations depends on the level of trust that we have established with the group of countries or with the country directly involved.

We cannot imagine that this sector can be governed by purely theoretical rules, because in this case we would just have to put them in a computer, push a button and we would obtain a perfect result. We know perfectly well that this is not true, because behind all this is the citizens' trust, there is the need to present the results that are obtained in political terms, as well, so I believe that very much ought to be invested in this field. Very much ought to be invested and once again the OIE is taking steps in this direction, not only by integrating the rules on animal welfare, but also to provide indications on the organisation of veterinary services. The organisation of veterinary services, i.e. the ability to speak in the same language with people all over the world is basically the element that qualifies this operation, and is the stuff of a capacity for providing simple mechanisms to producers and the trade.

Back to index

In this sense, in conclusion, I believe that considerable steps forward have been taken.

Today's venue is an example of this: the honour that Rome has to host this event is proof of this, the fact that we have at our table the Minister for Animal Health of the Russian Federation is an example of how we have managed to create a relationship of mutual trust, a relationship of collaboration, which eventually become relations of friendship, which are not just formal but become genuine relations when problems arise, problems such as those we are facing in this period.

I therefore wish to thank the Congress for this occasion and to ask for collaboration, collaboration from the world of production, so that together with the health Authorities, with the scientific world, one of whose perceived points of reference is now Parma, in order to be able to put forward proposals to our political representatives, as it is the politica decision-makers, in the end, who establish our guidelines. We hope, therefore, to have some positive ideas to put forward and to turn, one way or another, into results.

Thank you.

Curriculum

Back to index

THE RUSSIAN FEDERATION AND THE EUROPEAN UNION: TODAY'S RELATIONS AND FUTURE PROSPECTS IN THE MEAT AND VETERINARY SECTOR

Sergej A. Dankvert

Head of Veterinary and Phytosanitary Federal Inspection Service of the Russian Federation

Chairman, Ladies and Gentlemen,

The Russian Federation is one of today's chief importers of various categories of meat. The share of imported meat over Russian domestic production in 2004-2005 is 50%, of which approximately 14,5% comes from EU countries.

A breakdown of imports:
beef 28-30%, of which approximately 25% from the EU
pork 28-30%, of which approximately 24% from the EU
poultry 80-90%, of which approximately 10% from the EU

This shows that the European Union is the Russian Federation's most important trade and economic partner. These figures can grow in the future with the EU's enlargement.

With regard to the above, and considering that an enormous quantity of products of animal origin currently enter the Russian Federation not only from the European Union Member States but also from various regions of the world (Asia, America, Australia, New Zealand) having significantly different health situations, state veterinary controls of an active nature (inspections) on products of animal origin and animal feed entering Russian territory are a priority.

The lack of compulsory insurance on animals for breeding and farm production, as compensation to Russian producers damaged by the implementation of measures following animal diseases (culls, destruction of derived products, quarantine measures), requires that the Russian veterinary service adopt stricter preventive measures than those recommended by the OIE; this is because, in the event of infectious diseases such as FMD, African swine fever, bovine encephalopathy, etc., the consequences for Russian livestock farming would be catastrophic and a danger to food safety in Russia.

The preventive measures have been established by the International Veterinary Code, especially in countries where a system is in place to insure against risk and compensate producers of goods for possible losses. These are based on economic calculations and do not constitute an overall guarantee against the spread of diseases that are particularly dangerous to animals in an international trade context. There are many examples of countries that, despite having adopted these rules, have introduced agents of diseases that are dangerous to animals into their own territory.

11 years of recurrence of spongiform encephalopathy in Great Britain have resulted in damage worth 53 billion dollars. In the Netherlands, the damage caused by avian influenza in 2003 was between 0,5 and 1 billion euro (31,7 million head of poultry were slaughtered), whilst in Asian countries the damage amounts to 20 billion dollars and loss-

Back to index

es are still increasing. The damage caused by foot-and-mouth disease in England (2001) was 31 billion US dollars, in France (2001) 1 million euro, in Russia (2000) 1 million dollars.

The precautionary measures foreseen by Russian Federation veterinary requirements for the importation of animals and animal products are based on more extensive indicators than those established at international level (OIE International Veterinary Code), thus making it possible to prevent, to the utmost degree, the dispatch from abroad or the spread of contagious animal diseases.

So veterinary requirements for the importation of certain types of products of animal origin (poultry meat, fish) from exporting countries that are free from foot-and-mouth disease or African swine fever are more stringent than those provided for by the OIE Terrestrial Animal Health Code.

In order to establish uniform health and veterinary standards between the Russian Federation and the European Union, negotiations were launched in 2003 by Russian and EU experts with a view to preparing a proposal for a veterinary Agreement. In August 2003, the Russian Ministry of Agriculture sent the Commission of the European Union a draft Agreement between the representation of the Russian Federation and the European Community concerning cooperation in the veterinary field; this draft was agreed upon with the Russian Ministry of Foreign Affairs and the Ministry for Economic Development.

The representatives of the European Commission have concluded that it will take 5-8 years to approve and sign this Agreement, and in this respect a number of important topics concerning harmonisation of Russian and Community legal provisions have been discussed and agreed upon (starting from problems connected with regionalisation); this has resulted in the new single veterinary certificates.

For example, to allow imports of pork from the European Community into Russia, it is required that the entire EU territory be free from African swine fever, except for the island of Sardinia (where African swine fever is endemic); when avian influenza, caused by the N5 or N7 serotypes, appeared, the limitations were restricted to the country where the disease broke out, rather than affecting the entire EC territory. The Russian agricultural inspection office can also, subject to guarantees by the veterinary service, "reduce" the territory where restrictions have been imposed in accordance with the authorised certificate.

Thus, for Newcastle disease in Finland, in 2004, limitations were initially introduced for the entire province of Western Finland - in conformity with the veterinary certificate; afterwards, only the limitations in this governorship's Satakunta region, where the outbreak occurred, remained in place. In 2005, for the same disease in France: the ban initially applied to the Pays de la Loire region, and was later limited to the Loire Atlantique département. In 2005, the appearance of avian influenza caused by the N7 serotype in the Lombardy Region, entailed a ban on all of Italy; however, after guarantees were obtained, the restrictions were limited to the Lombardy Region.

In order to achieve an EC-Russia regionalisation, a working group has been formed (co-chaired by Karin Schwabenbauer and Aleksandr Ponomarev), in accordance with point 7 of the Memorandum of 2/9/04. During the first meeting, both parties agreed to adopt the OIE recommendations on regionalisation, territoriality and compartmentalisation.

The proposals put forward by the European Commission on foot and mouth disease and African swine fever have been well received; these include: restrictions for foot and mouth disease and African swine fever on loads of animals and animal products from the European Union to Russia, must only concern animals that are subject to these disease adn all products obtained from these animals. These amendments are currently being introduced into the Russian Federation's laws.

As of 2004, the introduction of single veterinary certificates for the 14 types of goods (live animals and animal products) exported from EU countries to the Russian Federation has meant that meat products and other animal products, including live animals, must be accompanied on arrival from the European Union by veterinary certificates attesting that Russian requirements and international health and veterinary requirements have been complied with.

However, even today violations continue to be committed when zootechnical consignments are dispatched from the EU to Russia.

As in July-August 2004 when in 22 State health inspection posts in Russia, over 300 tonnes of bovine liver in packages bearing Canadian and American labels, that had been illegally introduced, accompanied by Danish veterinary certificates were found.

On 5 July 2004, at the Sebezh veterinary border control post, a truck was discovered with a load of Danish-produced "frozen bovine liver". Upon inspection, the bovine liver proved to be of Canadian production and was crossing Lithuania and Latvia on its way to Russia.

On 15 September 2004, at the Vyborg veterinary border control post 18 containers (443,3 tonnes) with USA-produced beef liver, coming from Hamburg, were stopped.

On 16 January 2005, two containers with 54,6 tonnes of beef liver arrived from Sweden at the port of St. Petersburg. The consignment was accompanied by Swedish veterinary certificates. Upon inspection, it turned out that 50% of the packages in one of the containers had beef liver of Canadian origin, even though the documents had "Swedish by-products" written on them.

In accordance with the Memorandum of 2 September 2004, a working group was formed whose tasks include deciding on burning issues for both parties, such as how to prevent fraud, violations of transit regulations, etc. The EC Commission group is headed by Dr P. Rogan, Ireland's Chief Veterinary Officer; the head of the Russian group is Dr S. V. Zakharov, Deputy Director of the Veterinary Inspection Department.

At its first meeting (9 January 2004, in Moscow), the European group presented the measures taken in the EC to avoid importation in the Russian Federation, after transit in EU territory, of buffalo meat originating in India, whose imports are banned in Russia. In 2004 over 100 containers with contraband buffalo meat were seized, particularly in Hamburg – a nerve centre and crossroads for trade flows – and in Tallin, Riga and Gdyn (Poland). A huge quantity of false Australian and New Zealand certificates emerged. The owners of the loads have not been ascertained. Joint actions by the Russian and EC Member States' veterinary services have allowed stopping an attempt to smuggle Indian buffalo meat into Russia.

It has also been observed that one of the most effective measures in the fight against fraud has been the introduction of new veterinary certificates for animal products exported from the EC to Russia. There have been several recent occurrences, however, connected with imports from EC countries to Russia of banned animal products (bovine liver produced in the US and Canada, pig liver produced in China) with a new type of false veterinary certificates.

According to information provided by the State veterinary service of the Lithuanian Republic, 1,263 tonnes of bovine livers from the USA and about 190 tonnes from Canada have been dispatched to Kazakhstan and Uzbekistan from 1 January 2005 to date. Furthermore, at 1 January 2005, there were stocks of over 2,900 tonnes of Chinese-produced pork in Lithuanian cold stores. Of these, 2,000 tonnes have been dispatched to Kazakhstan and Uzbekistan to date. Stocks remaining to date are approximately 900 tonnes. Following a request for information by the Russian agricultural inspectorate, the reply received from the State veterinary services of the Republics of Kazakhstan and Uzbekistan was that no request for transit of this raw material through Russia had been made and that such transit did not officially take place.

With regard to the above, on 21 September 2005 an ordinary meeting of the working group on fraud was held in Dublin, Ireland. During this meeting, Russia expressed serious concern over illegal imports of the above products into Russian territory.

One of the main causes of illegal imports of banned zootechnical products into Russian territory is the European Union's failure to observe the rules on certification prior to the exportation of consignments "under surveillance", as provided for by the Memorandum between the European Union and the Russian Federation. Thus, as foreseen by the Memorandum, if the goods are unloaded from a sealed container (automobile, railway truck), as indicated in the certificate, this must be considered as a separate stage in the certification process, requiring the issuing of a new certificate, in order to guarantee that the product's status and condition have not changed. However, by not respecting this condition, for example, pig meat from France with a veterinary certificate issued by the French State veterinary service, is unloaded and loaded onto another vehicle in Lithuanian territory but nevertheless is imported into Russia with the same French certificate and not with the Lithuanian one, as foreseen by the Memorandum. In addition, EU legislation foresees that the customs documents can be issued by any European Union Member State, regardless of where the consignment comes from; the same pig meat that is produced in France and exported directly to Russia, can clear customs in Lithuania, Poland or Estonia. Also, the lead with which the consignment has been sealed at the supplier's premises, whose number is written on the certificate, is replaced with another lead seal. Considering that European Union legislation foresees that zootechnical products can be exported from the EU through access points where no veterinary checks are performed, the customs control during which lead seals are replaced takes place without the presence of the EU Member State's veterinary service.

It has been observed that there are currently hundreds of tonnes of zootechnical products in EU Member States' cold stores (Germany, the Netherlands, Lithuania, Poland, etc.) which are banned for import and transit on Russian

Federation territory. Importation of these products as of 1 January 2005 has also been banned in the EU, and by 1 January 2006 they will have to be exported from EU territory or destroyed. These very products reach the Russian Federation through an illegal channel, usually under the guise of goods in transit through Russian territory to the Central Asian Republics.

As an indirect confirmation of the above, we can report this fact: in the first semester of 2005, 34,424 tonnes of USA-produced poultry products in transit to Kazakhstan officially entered the Russian Federation. According to information provided by the territorial authorities of the Orenburg, Kurgan, Cheliabinsk and Saratov regions, 12,888 tonnes left Russian Federation territory. In this way, 21,535 tonnes of these products remained illegally on the Russian Federation's territory. In addition, over the past three weeks the Lithuanian veterinary service avoided the transit of 15 containers of meat and meat products with forged certificates. It was not possible to trace the country from which they came or the consignee.

Thus, the veterinary and health measures that Russia adopts are necessary for safeguarding the life and health of people and animals; and they are based on the recommendations of the International Department for Epizootics, of the OIE International Veterinary Code, of the "Codex Alimentarius" and on the scientific recommendations of Russian scientists (Article 2 point 2, Article 3 of the WTO agreement on sanitary and phytosanitary measures). They are also harmonised with international rules to the utmost degree.

In relation to the above, temporary criteria, based on scientific evidence, have been ratified with a Decree of 31.05.2005, N° 97, of the Ministry of Agriculture of the Russian Federation, for the introduction of restrictive measures on imports of animals, plants and animal and vegetable products. Pursuant to this Decree, temporary criteria are currently in force in the Russian Federation, for restrictive measures on the importation of animals and animal products. These measures are published at least 90 days before their entry into force, so that any remarks can be discussed and analysed.

Should the scientific motivation prove insufficient, Russia can introduce temporary veterinary and health measures on the basis of accredited information, including information received from the OIE, and also on the basis of health measures adopted by other OIE Member States that are not in contrast with Article 5, point 7, of the WTO Agreement on Sanitary and Phytosanitary Measures.

It must also be emphasised that international rules (OIE International Veterinary Code) are not of a compulsory nature, as Article 2 of the WTO Agreement on Sanitary and Phytosanitary measures foresees the possibility of adopting other measures provided that they are based on scientific evidence.

The Russian rules have been drafted while taking into account the recommendations of Russian researchers; they are also adopted as a basis for interregional rules among the CIS countries.

In addition, we think that, in order to create an atmosphere of mutual trust in discussions on veterinary and health measures, it is possible to inform the European Union Member States that, in accordance with the Russian Federation's Governmental Decree N° 14421-r of 6 November 2004, the programme has been ratified for the drawing up of technical regulations for 2004-2006; this programme comprises a number of projects for technical regulations in the veterinay, sanitary and phytosanitary fields, which have absolute priority.

I would also like to touch on a question of primary importance for collaboration between Russia and the EU, i.e. exports of meat and meat products from the Russian Federation to the Member States of the European Union.

A few years ago, the first consultations with the Commission of the European Union began, aiming to devise a particular system for co-operation in the meat industry field.

The first to obtain the right to export reindeer meat to EU countries (Sweden), within the framework of Council Directives 72/462/EEC and 91/495/EEC, was abattoir ééé «Norrfrjus-Lovozero» in the Murmansk region. This abattoir was approved in 1994 and its inspection by the EU Commission was organised in 1996. Imports of reindeer meat from the Murmansk region were only authorised in February 2000 with EU Decision N° 2000/161/EC. The abattoir's throughput today amounts to 300 head of reindeer per shift. 8,000-9,000 head of reindeer are slaughtered during the reindeer slaughtering season. Exports of reindeer meat to EU countries since receiving approval from the EU Commission amount to approximately 1,800 tonnes.

Currently, the Federal Veterinary and Phytosanitary Inspection Service's activity aims to certify meat processing companies that have expressed an interest in exporting their products to European Union Member States. After granting certification, the Russian side invites the European Commission, precisely the Directorate General for Health

Back to index

and Consumer Protection, to inspect these companies, assign them an EC number and include them in a list of exporters of meat products to the European Union.

Thus, between March and November 2004, representatives of the European Commission inspected the OAO "Cherkizovsky meat company", the ZAO "Mikoyanovsky miasokombinat" in Moscow, the poultry-producing company OAO "Penzensky" in Penza, the reindeer meat slaughtering and cutting company "Yar-Salinskij", in the autonomous district of Yamalo-Nenezky. The Commission was provided with all the conditions and information required to perform its job. The outcome of the inspections was that the European Commission submitted reports pointing out faults requiring corrective action.

The Federal Veterinary and Phystosanitary Inspection Service has analysed the Commission's reports and has expressed its gratitude to the EU Commission's experts for the attention and the highly qualified inspection work conducted on Russian meat product manufacturing companies in order to include them in the list of exporters to EU countries.

According to information received from the Representative of the Russian Federation to the European Commission, access to the EU market of meat products from Russian meat processing companies can only be allowed if the products have undergone heat treatment at a minimum temperature of 80° C (EU Commission Decision 97/222/EC, pp. 8, 11), while smoked meat products have not obtained approval for export to the EU.

Curriculum

Back
to index

ANIMAL WELFARE: BURDEN OR OPPORTUNITY?

René Laporte
Consultant on animal welfare

Text under construction

Curriculum

Slides

Back
to index

THE FUNDAMENTAL ROLE OF DISTRIBUTION BETWEEN THE MANUFACTURER'S OFFER AND THE NEEDS OF THE CONSUMER

Marco Guerrieri
Head of Meat and Seafood Department for COOP Italia

I sincerely thank the organisers of this event and all the participants for having offered such a qualified and precise picture of the international meat market.

This important appointment represents for the protagonists of the production of meats a great occasion for comparison and reflection and for us the opportunity to bring to the attention of all the needs of the consumer.

I feel it is important to underline how the role of the protagonists of production has changed in the decades

The *'60s-'70s* were the years of the great production boost.

The *'80s-'90s* were the years of the great expansion in distribution.

The 2000s are the years of consumer attention and it is exactly here that we wish to begin our comments.

We are faced with an ever more *attentive,* ever more *demanding* and above all ever more *differentiated* consumer, with a lifestyle that changes more rapidly than in the past. We are ever more faced with a *conscious* consumer who rightly believes that safety of foodstuffs is his right and not an element of differentiation.

The repeated food alarms in the last few years have substantially changed consumer sensitivity, 71% of European ones and 81% of Italian put food security in first place. An important element that reassures the consumer is tracking; thanks to the efficient interventions of the Institutions in charge, both European and Italian, labelling of beef has internalised the concept of tracking, allowing the consumer to benefit from fundamental direct information on the product.

Therefore the role of distribution must be that of a hinge, a link between the producer and the consumer, on the other hand guaranteeing the quality and safety in a non occasional manner presupposes constructive relations with the operators located in the various stages of the agro industrial and zoo technical production line.

The sales point is the physical place in which the consumer meets the offer, but it is also the place that more than any other is identified by the consumer as the "listening point" for his needs and expectations.

A large scale organised distribution attentive to the explicit and implicit needs of the consumer cannot avoid recognising its fundamental role in the production line and commit itself to uniting the needs of the consumer, in terms of quality (extrinsic and intrinsic), safety and cheapness of the product and the characteristics of the production world.

In this optic the role of the large scale organised distribution has passed, thought the years, from a mere "buyer and retailer" of consumer goods to co-ordinator, programmer and organiser of the production line.

It is not by chance that the consumer ever more identifies the safety and healthiness of products with the emblems of the large scale organised distribution, above all the products considered as important, such, for example, as meat.

Back to index

The key to correctly interpret the new role passes through the awareness that the cohesion and identity of intent with all the subjects in the production line is indispensable, from this the need to share the objectives and the means necessary to reach them with the producers. Agreements and precise specifications signed backwards along the production line represent the "key" that has permitted the growth of cohesion in the production line through the years (in the sense of "from farm to fork") and, at the same time, to reduce the complexity and the consequent criticity and onerousness.

Efforts must be aimed at seeking the synergies necessary to shorten the production line, in order to obtain cheapness as the principal result, especially for the consumer. Cheapness must necessarily be able to represent the best quality/price ratio.

The next step, the next important evolution, must necessarily pass through the rationalisation, the correct orientation and exploitation of the various products, in this regard, as an example, we would mentioned the case of our Company: the Coop.

6 million members/consumers and 8 million consumers compose the framework around which the Coop has built, after more than 150 years from its birth, a certainly "important" model in the Italian panorama, and not only.

Thanks to the particular statutory nature of the Co-operative of Consumers, the Coop has always used profit as a means, not the end, to interpret and respond to the needs of the consumer and producers, above all Italian, but not only.

6000 head of cattle butchered every week, beef sold exclusively with the trademark; an awareness and cohesion with the "protagonists" of production such as to permit us to speak of "beef production line" for more than 15 years.

Precise agreements in the production line and precise requisites of awareness, guarantee, traceability and, not least, control of the production line, have permitted us through the years on the one side to consolidate and obtain the trust of the consumer who recognises himself in an ever growing manner in the offer of products with the trademark, and on the other consolidate and develop relations with the producers orientating and developing them in the direction of an ever greater exploitation of the awarding aspects. The quality perceived by the consumer and, above all, its continuity represents the principal objective to aim at and on which to depend as an element of obtaining trust.

The never ending study of the behaviour and needs of the consumer, further orientates efforts, which necessarily must be mutually sustained with the producers, in the direction of an every greater sustainability and compatibility in production, from here the spur to seek "new frontiers", which now rest on what is considered as a prerequisite: the healthiness and safety of the offer.

Research must be able to range from the sphere of "intrinsic quality" such, for example, foodstuffs without OGM, or the efforts to satisfy as much as possible animal wellness, up to the spheres of high technology applied to the primary production such as traceability through genetic analysis or detailed information supplied to the client through the web, on the product he has bought.

Due to the particular position that the large scale organised distribution occupies in the production line, it is therefore necessary to keep watch on the evolution of consumption and orientate efforts towards innovation, exploitation of the typical nature, shortening of the production line, necessary to regain confidence in the producers, as well as costs.

This is the attitude that has permitted us, only as an example, to limit the drop in the sales of beef during the BSE emergency between 2000 and 2001 to 20% with respect to the market.

This must, in our opinion, be the path along which the producers must accompany the large scale organised distribution to face together the market challenge in this beginning of the century.

Thank you for your attention, and again sincere thanks to the organisers for the unique opportunity offered to us to participate in this that, without emphasis, we judge to be a very important event, not only for Italy.

Curriculum

Back to index

IS MEAT REALLY *SO* DIFFERENT?

Andrew Cookson
Managing Director of GIRA – Research and Consultancy

Text under construction

Curriculum

Slides

Back to index

HOW THE INDUSTRY RESPONDS TO CONSUMER EXPECTATIONS AND LAWMAKERS' NEEDS

Laurent Spanghero
President of UECBV, European Livestock and Meat Trading Union

Text under construction

Curriculum

Slides

Back to index

THE EUROPEAN CONSUMER IN A GLOBAL MARKETPLACE

Aidan Cotter

Chief Executive Bord Bia, Irish Food Agency

Opening Slide

The winners in today's global food market are and will remain those who can deliver products that are more convenient for consumers, products that help them live better and live longer, products that give them pleasure, and yet still represent value for money.

And that, Chairman, ladies and gentlemen, is why I don't accept that European beef consumption will necessarily fall as projected yesterday to 2012 or that the European beef industry need, by implication, be a loser in the changing marketplace.

Because such projections assume beef is a commodity, where price almost alone dictates the market, that the industry can do little to control its own destiny, and that it is unlikely to compete successfully to meet consumer needs.

My presentation this evening will draw on the results of a consumer survey undertaken on our behalf across eight European markets which I believe demonstrates some of the priorities for the industry in the years ahead, which if successfully addressed can further expand consumption and secure the future of a vibrant beef industry in Europe.

Slide 2 - EU: From Surplus to Deficit

The background, as we all know, is a European beef market that has itself experienced dramatic change. The transformation from surplus to deficit, as shown on this slide, has taken a quarter of a century. And now the future of the European beef industry will solely be determined by its success in meeting the needs of the European consumer.

Slide 3 - European Beef Consumption

The signs are encouraging. Had I been standing here ten years ago and were to project consumption of beef per person in Europe to where we are today, ten years later, I would have been strongly tempted to extend this fifteen year downward trend to arrive at a figure of 17 kgs. But of course the actual figure today is over 20kgs. A long term downward trend has been reversed during the most improbable period of the industry's history. It has clearly been doing some important things right!

Slide 4 - The Recovery….

In a global marketplace it is true that the European consumer is driven by similar needs. But it is also clear that the relative importance of those needs and how they are being met will vary by market. We can identify three groups of countries by the extent to which beef consumption has been changing over the last ten years. Those where consumption has continued to increase, those where consumption is stable, that is within one kg of its level in 1995, and

Back
to index

those, just one of the EU 15, where consumption remains significantly below its level of ten years ago.

Slide 5 - the population is changing

We can take encouragement from the past. But we must also be conscious of how the population is changing.

Households are getting smaller. Over 28% have just one person

Fewer women are at home as more work outside the home.

Over 20% of European working hours are outside the original 9 to 5 day and almost half the workforce work more than 40 hours per week.

Slide 6 - & this is affecting how we consume

And this is affecting how we consume:

The concept of cooking has changed. The majority of young consumers do not cook anything from scratch

Nearly two in every three consumers agree that "I am increasingly treating myself with higher quality foods and drinks"

At least 135 million consumers in Europe are affected by obesity according to the International Obesity Taskforce

And the international market for functional foods, driven by scientific development, increased by over 70% from 1999 to 2003.

Slide 7 - Consumer Drivers of Change

These trends accentuate the fundamental drivers of change. The demand for products that are convenient, that are available at convenient times and in convenient places, that positively contribute to health and wellbeing, the desire for pleasure, or indulgence, by consumers who feel they work hard and are worth it, and the search for value, consumers who want all this and more, for less.

Last year we commissioned Taylor Nelson Sofres to survey consumers in eight EU markets and explore some of the elements of these drivers. This is what we found.

Slide 8 - People enjoy cooking for their families…

Most, some 8 out of 10 people, the vast majority, still enjoy cooking for their families and the results are fairly consistent.

Slide 9 - But they just don't have the time

But, for that same group of people, they just don't have the time. Britain and France scored highest, 1 in 4 and the remainder 1 in 5. It means only about half the population both enjoy cooking - and have the time to do it.

Slide 10 - Hands-On Preparation Time

Indeed tracking surveys over the last 25 years indicate that the hands on preparation time allocated to meals has been falling consistently, from 1 hour in the 1980s to half an hour in the 1990s, and is now down to 12 minutes today.

Slide 11 - More eating alone….

And that can't be surprising, as with single person households increasing and busier lifestyles, individuals are eating on their own more and are less inclined to prepare meals and prefer quick meal solutions and ready meals.

Slide 12

This means there is likely to be more demand for beef ready meals, but awareness of beef based ready meals could be higher.

Despite the large increase in the production of ready prepared beef meals, the majority of consumers across Europe are unaware of their existence

Slide 13 - There will be more demand for convenient, versatile foods

There will clearly be more demand for convenient and versatile foods.

Back to index

It is interesting then to find that beef is perceived to be more versatile or as versatile than chicken in most of the European countries surveyed, though not all, Britain, Ireland and Spain being the exceptions.

Slide 14 - What we mean by indulgence

To assess if beef is considered an indulgence, consumers were asked to agree/disagree with a number of attitudinal/behavioural statements such as:

Do you agree that "I eat beef as a treat",

or, as a reason for buying beef

"I like to treat the family more often"
"Beef tastes better than other foods"

And a reason for buying less beef

"I prefer to experiment with newer foods"

Slide 15 - Beef is seen as a treat but not by all countries surveyed

Beef is seen as a treat but not by any means all of the countries surveyed, with over 6 of 10 French consumers agreeing and less than one in 10 in Italy

Slide 16 - Indulgence is a main reason for buying more beef in five countries

However indulgence is a main reason for buying more beef in five countries, where consumers gave their no. 1 or 2 reason for buying beef as treating the family more often and beef tastes better than other foods.

Slide 17 - But indulgence can also be seen as a reason for buying less beef

But indulgence can also be seen as a reason for buying less beef, with significant numbers of consumers giving a high rating to their preference to experiment with new foods.

Slide 18 - Obesity is of growing concern…….

And in relation to health and wellbeing most people agree with the statement that "Obesity is becoming a real problem in this country", with 9 out of 10 people agreeing in most countries. However, as we may note later the phrase "beef doesn't fit my diet regime" ranks as the no.1 or no. 2 reason for buying less beef in four countries.

Slide 19 - More demand for foods that are "good for you"

We know that there is more demand for foods that are "good for you", but only a minority agree that "Beef is better for you than chicken".

While twice as many French consumers as Italians agreed with the statement that "Beef is better for you" there is a clear shortfall in consumer perceptions in the relative healthiness of beef compared with chicken.

Slide 20 - Price is not usually given as a top reason for buying less beef

Price is not usually given as a top reason for buying less beef. It hardly ranks at all in many countries and only in price conscious Germany does the phrase "Can't afford it" rate as the no.2 reason.

Slide 21 - But lower price would encourage higher purchase..

Yet when asked "What would encourage you to buy more beef", lower price is given as the no. 1 reason in no less than five countries. Interestingly, if not surprisingly, in Germany lower price does not seem to be the key.

Slide 22 - Price is one area where chicken clearly outperforms beef

Price is one area where chicken clearly outperforms beef. The red bars denote agreement with the phrase "Beef is poorer value than chicken". And as you can see they are four to seven times longer than the blue bars representing those agreeing that "Beef is better value than chicken".

Back to index

Slide 23 - Food Safety: assurance is still needed.....

The phrase "You can trust the quality of meat available in this country" is one with which the majority of consumers agree, yet there remains scope for improvement, given that 2 or 4 out of 10 people withheld their agreement with the statement.

Slide 24 - Safety concerns are the no. 1 reason for buying less beef...

In no less than five countries did "lack of safety assurances" rate as the no.1 reason for buying less beef.

Slide 25 - And better assurances on safety / traceability schemes.....

And better assurances on safety / traceability schemes would encourage more beef consumption. In all but one country did consumers rank demonstrable traceability schemes and more assurances on safety as the no. 1 or no. 2 reasons that would encourage more beef consumption.

Slide 26 - Consumer Drivers of Change

Chairman, ladies and gentlemen, it is clear that the reversal of the downward trend in beef consumption in Europe, during one of the most turbulent periods in the industry's history, must be a source of encouragement.

Indeed it would be tempting to conclude that that reversal in consumption arose from the huge scale of the response by industry provoked by two successive crises over the last decade. And this may not be too far from the truth.

The challenge for the industry now therefore is whether, <u>when market conditions are stable</u>, it can still galvanise itself into action and continue to build confidence and market share.

Because if the <u>winners</u> in today's global food market <u>are</u> those who can deliver products that are more convenient for consumers, that help them live better and live longer, and that give them pleasure the survey demonstrates that:

There remains much opportunity to harness new technology to make more convenient beef products, and tell consumers about them.

There remains much opportunity to position beef as good for you but we must highlight its positive attributes against the health concerns of the day.

And there remains much opportunity to present and promote the product in ways that appeal to the indulgent needs of consumers who work hard.

But never forgetting that in an uncertain world we cannot relent on the need to provide full assurances on safety and traceability across the entire supply chain, from outside the union as well as inside it.

Slide 27 - The Irish Beef Proposition

And now for a slight indulgence: These are the principles on which we in Ireland, reliant now as we are on the European market for 90% of what we produce, promote Irish beef, quality assurance and a competitive offer, a good eating experience, and a healthy origin.

Slide 28 - Consumer Drivers of Change

And if the industry can address these issues over the next decade, collectively and individually, as effectively as it has addressed the challenges of the last one, the future will be bright.

It means having a deep insight of consumer needs and being good at the two main functions of business, innovation and marketing.

Marketing is particularly important in a world of fresh meat that still remains largely unbranded, except by the retailer. Brands build consumer trust. But who is the custodian of the beef "brand". We all are. There is a common cause among all players in the industry. It is perhaps one fundamental reason why the IMS exists, and is meeting here in Rome this week, to go forward from here with a common purpose of building the market together and not forgetting that while we may compete with each other it remains in all our interests to expand the total market.

Just one kilo on beef consumption per person in the enlarged EU would add half a million tonnes to demand and a much healthier industry.

Back to index

And this should be our resolve, and as we meet here in the eternal city of Rome let us recall the words of that great Italian renaissance artist, Michelangelo,

Build Slide
“the greatest danger for most of us is not that our aim is too high and we miss it
But that it is too low and we reach it”.

Thank you for your attention.

Curriculum

Slides

Back to index

CLOSING SPEECH

Paddy Moore
President of IMS

Signor Cremonini, Ladies and Gentlemen,

as this conference comes to a close, I think we have much to consider following such thought-provoking presentations and of such a very high standard even to the very end.

So on your behalf, I want to thank all the speakers for the reassessments and in sharing their views of the emerging trends and policy issues in this new EU. On issues that divide us, I hope there has been some meeting of minds, and where there has not been convergence, I'm sure there is a healthy respect of what each of us wants to achieve and safeguard as the case may be.

Those of you who are new to the IMS, I hope will have gained and acquired an insight as to what the IMS is about. It's about bringing people together, to listen to each other, to share their views and ambitions, and by doing so, to learn from each other.

I think on behalf of you all, I want to express a sincere thanks to Luigi Cremonini, he's president of Assocarni, but he's also a giant of a man and I think I want to thank him for everything, his hospitality, his wonderful welcome, I think everything from beginning to end was magnificent and I'd like you to show your appreciation to him for that.

I'd also like to thank Luigi Scordamaglia and his team for the excellent work in putting the whole show together, there is an awful that goes into planning a conference, especially a conference as large and as successful as this one. So again I think a word of praise and a word of thanks to Luigi, sitting here at the front.

I also want to say a special word of thanks to our own Secretary General Larry Wrixon, based in Paris, who throughout the planning and the preparative stage I think kept a close monitor and watching brief on this, because when the IMS holds a conference, we want a standard like this one achieved, a very high standard. So I think we have been privileged to hold this conference in the unforgettable and very beautiful city of Rome. And great city of Brisbane beckons us for the World Meat Congress in 2006. And it's not too late or not too early to register only six months away. I'm also happy to announce that the next regional conference will take place in Brazil, in Sao Paulo, in the spring of 2007.

And finally, I want to thank you all - quite a number of you have remained to the very end - for participating in this, and for being actively involved. I hope to see you all later this evening at the closing cocktail and musical evening. Thank you very much and good luck for the future.

Curriculum

Back
to index

CLOSING SPEECH

Luigi Cremonini
President of ASSOCARNI

Good evening to you all, I am impressed by the number of you who have stayed until this time of the evening.

When we outlined the programme, myself and Mr. Scordamaglia, who is the Secretary General of Assocarni, after giving our go-ahead to the IMS for this Conference to take place in Rome, we thought we would have had a good number of participants, but not this much.

I must admit that it has been a sacrifice for me to be here for two days until the late afternoon to follow such intense works, but I think this has been amply repaid by all the information and ideas which have come up.

This meeting could not have taken place over a shorter time span, as there were so many items to discuss, all of great interest. I myself feel enriched by having made so many acquaintances and learnt so much, heard so many views, the position of foreign operators, European Union managers, the South American, Third Countries and Australian viewpoints, all these aspects. I will leave here, and I think we all will, much the better for the experience.

We are all operators who own companies and need to know what will happen in the future, how to plan tomorrow in our respective countries. I believe that a seminar so rich in information and knowledge will not be easy to repeat; just look at this afternoon's programme: we have heard Ferdinando Romano, President of the National Food Council, who has conducted a study on beef products; you have seen the true data concerning beef products, the nutritional properties of meat, which is very important.

We have heard Geoffrey Podger of the EFSA, another person who is responsible for health in Europe.

We have heard my friend, our friend, Jean-Louis Bignon, Secretary of INTERBEV, another European, one who is a real character, at times too authoritative, because unfortunately, as he represents France, has had to make decisions on many aspects on which we do not always agree, but as he is such an authority, we accept his decisions.

We have heard the Russian Deputy Minister Sergei Dankvert, who is the man who makes all decisions on health aspects in Russia, and is very knowledgeable among other things. It is not easy to have such a person in a context such as ours.

We have heard René Laporte, who made a very interesting speech. The well being of animals is a great opportunity; it is not an obligation, but a great opportunity. I have 40 years experience in the animal and food business, but every day I learn one thing: treating animals well is also of economic interest. Apart from ethical reasons, it is clear that we gain economic benefits from this because there are great advantages and opportunities.

We have heard the Under-Secretary Mr. Cursi, who is the Italian Deputy Minister responsible for health in general, not just animal health.

We have unexpectedly seen the involvement of the representative of the European Veterinary Service, Dr. Magazzù, another important figure.

We have also had a whole series of interventions: Andrew Cookson of the GIRA, Dr. Marco Guerrieri of Coop Italia, who is well aware of the real problems, because he is involved in the buying and selling of meat, and knows about

Back to index

distribution aspects, and thus made a speech on which I congratulate him.

We have also seen Aidan Cotter, Director General of BORD BIA, and Laurent Spanghero, President of UECBV, my friend Spanghero, who is of Italian origin, who knows so much about and appreciates good meat.

I do not wish to go on for too long here. I would just like to thank you all, you who have been the heroes and stars until now; I thank you for this and hope you will make greater progress in future. I would like to thank all the participants, those who have left and those who are still here.

I think you have given me the greatest possible satisfaction, because organising such an event is an immense responsibility: making the organisational aspects work, people get on and assessing which items are right for discussion.

From this, I have understood one thing: surely, all those who were involved in the context of European operators and the European system as a whole have insisted upon European breeding and on safety. But I am a "360°" operator; I am a breeder, a butcher and distributor; I am an Italian, although I am also involved in import and export activities, and it has been a great pleasure to see the major South American exponents present here. We must find a balance as regards imports, but we must not say that everything we do is special, and what the South Americans do is not, we would be dishonest if we did so, but we must find a correct and balanced method of dialogue.

I believe that the South Americans will have understood that they must also implement certain rules, but we cannot state a priori that South America, Australia and North America do not produce good quality meat. We must find a better method of dialogue, we must find a way to create a controlled flow which does not destroy our own production (because a lot of bovines you have in South America are European bovines); it is up to us to find the right balance. As we are all intelligent people, we find the right balance in order to safeguard European production, because Europe is a farming area which is based on beef farming, and as production is falling in Europe, we must find the right mechanism for importing your meat, which I think is excellent, and I believe that you must in some way apply the regulations which we are forced to apply. This is all very complex, but it is to everyone's benefit.

I believe we will all go home the better for the experience in many ways. I thank all participants, those who spoke and made this Conference worthwhile, those who are here and those who have left. I would also like to thank the partners and sponsors who enabled us to realise this great and very demanding conference.

I would like to thank Dr. Scordamaglia, Secretary General of Assocarni, for the way in which he managed his association and his assistants in organising this conference; I congratulate you, and I think you deserve this applause; thank you for your collaboration.

Thank you all, all the Assocarni people and collaborators, and thank you also to my daughter Claudia for the way in which she herself was involved on the public relations side.

And thank you to the IMS, in the person of its President Patrick Moore, for the trust placed in us, which I believe has been repaid.

Curriculum

Back to index

CURRICULA

Gianni Alemanno
ITALY

Hon. Giovanni Alemanno is graduated in Environmental and Territory Engineering and he was entrepreneur working in the services sector. He was a freelance journalist, and, together with Francesco Storace, he founded the monthly magazine "Area" and recently published the book "Interview on Social right" ("Intervista sulla destra sociale").
He was politically committed since his youth, and he was National Secretary of "Fronte della Gioventù" in 1989.
He is member of the Direction and the Executive of the Party "Alleanza Nazionale" since its foundation, and he was also National Co-ordinator of Social and Economic Policies of the same Party.
In 1990, he was elected in the Regional Council of Lazio and in 1994 he entered the Chamber of Deputies and was re-elected in 1996 and 2001 in the general elections.
Since 11th June 2001 he is Minister of Agriculture and Forestry Policies of Berlusconi Government. During the Italian Presidency semester at the EU, he was President of the Council of Ministers of Agriculture.

Douglas Brydges
UNITED KINGDOM

Douglas Brydges has over 50 years experience in the meat industry, 34 of them at Main Board Director level. His responsibilities have included production, marketing and general management for Swift and Company UK. He was later Chief Executive of the Towers Group involved in large-scale imports, domestic meats and retail pack production.
His industry involvement has included the development of the National Training organisation for the British Meat Industry and he has held the position of President of the International Meat Trades Association (IMTA) for the past 16 years.
IMTA represents all major companies involved in imports and exports of meat and poultry and it has close relationships with various UK and EU bodies and is a member organisation of UECBV.

Gabriele Buettner
GERMANY

Gabriele (Gabi) Buettner is Purchasing Director for McDonald's Europe, Product Leader for beef and pork products, and is responsible for supply strategies and processes, upstream to farm and downstream across the counter to the customer.
Buettner's aim is to develop a Pan – European Strategic Supply Plan, including business allocation, major supplier and capacity management, training of other supply chain members, communication, quality management, cost control and pricing negotiations.Buettner is part of the European Supply Chain Executive Team, leads the European McDonald's Beef Supplier Council and represents McDonald's Europe in the Global Beef Team.
The main focus is on a long-term beef sourcing strategy to assure supply of high quality, safe beef products at competitive prices.

Riccardo Chiriatti
ITALY

Chiriatti earned a degree in Business Economics from Cà Foscari University of Venice in 1983 and a Masters degree from INSEAD in Fontainbleau.
Chiriatti has been Fresh Products Director at Carrefour Italia since 1999, and is a member of the Carrefour International Commission on Fresh products' and products inter-exchange among countries.
Chiriatti has been a member of an European study commission for the SLIM project (Food products Labelling) since 2001. Chiriatti is also a member of various INDICOD technical committees for food products, as well as for the CIES Food Business Network and the "pact for food quality" Steering Committee of the Lombardy region.

Andrew Cookson
UNITED KINGDOM

Andrew Cookson is Managing Director of GIRA - Research and Consultancy.
After leaving Oxford University, he qualified as a Chartered Accountant, and he has an MBA from INSEAD. He speaks five European languages.
He has lived and worked in France for over 30 years.
He has headed many GIRA consultancy assignments in the food and drink chain in Europe, and has directed major GIRA multiclient studies on: The future of modern retailing in Europe; European meat companies; Functional Food in Sweden; Meat in Russia; European agribusiness cooperatives, etc. He is specifically responsible within GIRA for consumer and retailing activities and is a frequent speaker at conferences and contributor to journals.

Back to index

Aidan Cotter
IRELAND
Aidan Cotter was appointed Chief Executive of Bord Bia in 2004,the Irish national body for the promotion and market development of Irish food, drink and horticulture, having previously served as the organisation's Operations Director and prior to that in positions based in London and Dusseldorf. He is a graduate of University College, Dublin and Cranfield University in the UK from where he holds Masters Degrees in economics and business administration respectively. Bord Bia in based in Dublin and also operates from six other European locations as well as having offices in Chicago and in Moscow.

Mary Coughlan
IRELAND
Mary Coughlan was appointed Minister for Agriculture and Food in September, 2004. Previously she had been Minister for Social and Family Affairs and Minister of State at the Department of Arts.
A member of the Dail since 1987, she has been spokesperson on Educational Reform (1995-97), chairperson of the Oireachtas Joint Committee on the Irish Language (1993-1995) and member of the British-Irish Parliamentary Body (1991-1992).
Ms. Coughlan has been a member of County Donegal County Council (1986-2001) and of the North Western Health Board (1987-2001).

Luigi Cremonini
ITALY
Luigi Cremonini is President of CREMONINI SPA, one of the leading food groups in Italy and in Europe.
In 1963 he founded INALCA, Italy's top company in Europe in the beef sector.
Thanks to MARR, Luigi Cremonini is also Italy's leading distributor to the food service industry. Under the Chef Express brand, the Cremonini Group operates in on-board railway catering, where it is second in Europe, and in commercial catering. It is also Italy's main player in the station buffet sector. The group of which he is president is quoted on the Milan Stock Exchange and in 2004 earned a total of 1,993.2 million euro, employing over 6.000.
In 1985 he was nominated Cavaliere del Lavoro (a title bestowed on citizens who have particularly distinguished themselves in industry, agriculture, commerce and other economic activities). He is President of Assocarni - the national Italian Meat Industry Association, Vice President of Federalimentare and a member of the Board of the Banca Popolare dell'Emilia Romagna.

Sergei Alekseevich Dankvert
RUSSIAN FEDERATION
Sergei A. Dankvert has a degree in engineering for agricultural production with a specialisation in mechanical engineering for the agricultural sector and in foreign trade with a specialisation in the economy of international relations. He also has a doctorate in agrarian sciences and another in economics and is the author of more than 30 scientific researches.
All his working activities are linked to the agro-industrial complex of the Russian Federation. He has worked for agricultural companies and associations and from 1994 to 2000 as the Chairman of the joint-stock company "Agroplemsojuz" specialised in breeding and production of pedigree livestock.
From 2000 to 2004 he was the first Deputy Chairman of the Ministry of Agriculture of the Russian Federation. He is presently Head of the Veterinary and Phytosanitary Federal Inspection Service and 1st class permanent Counsellor of the Russian Federation.

Joseph Daul
FRANCE
Chairman of Committee on Agriculture and Rural Development of the European Parliament.
Studied agriculture. Graduate of the Institute for Advanced Studies in National Defence. Farmer, he was Deputy Mayor and Mayor of Pfettisheim.
Member of the European Parliament (since 1999). Chairman of the Committee on Agriculture and Rural Development (2002-2004). Chairman of the Conference of Committee Chairmen (2002-2004).
Member of the Economic and Social Committee (1980-1982). Chairman of the Meat Group of the Committee of Agricultural Organisations in the European Union (1996-1999).
Officer of the Agricultural Order of Merit. Knight of the National Order of Merit. Knight of the Legion of Honour.

Claudio Federici
ITALY
Claudio Federici is responsible for the zootechnic sector in the economic and financial analysis area at ISMEA (the Italian Institute for agricultural and food market services), where he has worked since 1995. Federici has a degree in Agrarian Sciences, with a technical-economics specialisation and carries out economic, financial and marketing analyses in the meat sector and impact assessments of national and EU agricultural policies.
In his capacity of meat market specialist, Federici has participated in expert advisory meetings at the EU commission since 2000. In 2002-2003 Federici took part in the twinning project for the implementation of rules and UE statistics system standards in Romania, with prime responsibility for statistical surveys for the meat sector.
Between 1991 and 1995 Federici took part in industrial restructuring and typical and new agro-food production enhancement projects with a number of different analysis and market research companies.

Back to index

Mariann Fischer Boel
DENMARK
Danish Minister for Food, Agriculture and Fisheries from November 2001 to August 2004, since November 2004 she is European Commissioner for Agriculture and Rural Development.
Matriculated in Modern languages in 1963, Economy and Language in 1964, and Higher Commercial Examination in 1965.
She was Management Secretary (1965-1967), then Finance Manager (1967–1971) with an export company.
Member of Munkebo Municipal Council (1982-1991 and 1994-1997), and Deputy Mayor of Munkebo (1986-1990). She was also Chairman of the Folketing's Food, Agriculture and Fisheries Committee (1994-1998), of the Folketing's Trade and Industry Committee (1998-1999) and of the Fiscal Affairs Committee (1999-2001).

Costa Golfidis
GREECE
Constantin (Costa) Golfidis studied economics and obtained a degree in Economic Sciences in Athens and a special degree in European Economics from the Institute for European Studies at the Brussels Open University (Université Libre). While in Brussels he had an internship at the European Commission's Directorate General for Economic and Financial Affairs. He later joined Copa Cogeca as a consultant in the Animal Production division and in March 2004 was appointed Director of the "Products and Markets" Department of COPA/COGECA. During the first half of 2003 he was Advisor to the Greek Minister of Agriculture, during the latter's term as President of the Agriculture Council.

Marco Guerrieri
ITALY
A qualified chemical technician, he attended a degree course in Law.
He began his professional career in 1984 in the large-scale distribution sector, with AL.VA Spa and CI.C.ZOO. He has been working with COOP ITALIA since 1989, where he has held various positions: buyer of Alternative Meats, Head of Alternative Meat purchasing within the Meat Department, going on to become Head of purchasing in the Meat and Seafood Department, leading a staff of 20.
Since 2004 he is in charge of the entire Meat and Seafood Department for COOP ITALIA.

Jean-Claude Guesdon
FRANCE
Jean-Claude Guesdon is an Agro Economist, Manager of the Department of Economics of "Institut de l'Elevage" (French Livestock Institute), which is an applied research centre in animal production (cattle, sheep, goats). The Department of Economics of the French Livestock Institute and the personal research of Jean-Claude Guesdon are particularly known through two monthly publications "Tendances Lait et viande" and "Le Dossier Economie de l'Elevage". Research activities concern cattle, sheep and goat production and cover the aspects of market analysis, analysis of the beef and milk industry and economic forecasting, at both French and European level.

Malcolm Harvey
AUSTRALIA
Malcolm Harvey is the Regional Manager – Europe for Meat & Livestock Australia, based in Brussels and covering the EU-25 and the rest of Europe, Russia and the CIS. Its key focus is to enhance market access into the EU and countries restricting Australian red meat products, plus to develop demand for chilled and frozen meat products.
Malcolm joined MLA in January 2002, after some 28 years' international experience in developing new markets, establishing new specifications and introducing new products.
He is involved with farming and has served on farming representative bodies and in various capacities on Australian Meat Export Council committees. His skills in consulting with government and industry are being used in the quest for access into the enlarged European market.

Gerard Janssen
THE NETHERLANDS
Gerard Janssen, Vice Chairman Executive Board of Vion Food Group, was one of the first to build up an European and international meat trading structure. After his studies of business administration Mr. Janssen joined the Dutch Pork and Beef companies Encebe/Coveco and later Dumeco (CEO). He opened offices in France, Italy, Greece, Spain and Portugal, becoming soon the Export Director. He spent almost 15 years abroad managing the trading offices. As the CEO of Encebe/Coveco he was one of the first to be able to organize exports to Japan in the early nineties. In 1993 he was appointed Vice Chairman Executive Board of A. Moksel AG in Buchloe. He strengthened the German beef and porc sector and also controlled the biggest lamb abattoir in Australia. Only ten years later Mr. Janssen was leading the processes of building Vion Food Group, the strongest European Food Company concentrating expertise in beef, pork and convenience products combined with an international trading structure.

Kjeld Johannesen
DENMARK
Kjeld Johannesen has held management positions in numerous leading European meat companies (ESS-FOOD, Steff-Houlberg, Slagteriselskabet Wenbo) and since 1990 has been CEO of Danish Crown, a cooperative company operating in the slaughtering, processing and marketing of pork and beef products in world markets. Danish Crown, ranking second in the world and first in Europe in the pig slaughtering sectgor, accounts for 5,9% of total Danish exports. Its most important associated companies include: Vest-Wood A/S - Aktieselskabet Schouw & Co - Dansk Industri - Plumrose USA - Tulip Ltd., UK - Danish Bacon Company plc, UK - Tulip Food Company - DAT-Schaub - Danske Slagterier - Sokolow S.A., Poland - HK Ruokatalo OY, Finland.

Back to index

Gary Johnson
USA
Gary Johnson is the Worldwide Leader of Protein for the McDonald's Corporation. As a Sr. Director of McDonald's Worldwide Supply Chain, Gary is responsible for the beef, chicken, pork and fish needs of over 30,000 restaurants, in 119 countries serving over 48 million customers per day. Mr. Johnson has been involved in all aspects of McDonald's supply chain for over 2 decades both in the United States and living and working in Europe overseeing the European supply chain expansion to over 35 countries.
Based on his expertise and over 30 years experience in the food industry, Mr. Johnson has been appointed to the Agricultural Technical Advisory Committee in Washington. This Advisory Committee looks at both the United States and global trade of many agricultural products around the world. Mr Johnson has led other global supply chain and premium (Happy Meals) strategies.

René Laporte
FRANCE
René Laporte, an Agronomist graduate, with a specialisation in zootechnics and a Masters degree in Economic Sciences, has been a consultant since 1969, when he first started his career with Institut de l'Elevage (Breeding Institute), carrying out yield controls and selection of meat breeds. He has headed the French Federation of Cattle Traders (FFCB) since 1974 and, successively, the Confederation of Cattle and Meat Producers (CEBV). He is a member of the Beef Advisory Committee at the EU Commission.
René Laporte has provided consultancy on animal welfare and transportation to the French interprofessional Interbev and to CIV, French meat information centre since 2001.

Romano Marabelli
ITALY
Mr. Romano Marabelli has a degree in Veterinary Medicine from the university of Milan, where he specialised in “Meat technologies and hygiene”, “Veterinary Law” and “Veterinary Public Health”.
He has been an Advisor to the Ministry of Foreign Affairs for health issues at the Italian Permanent Representation to the EU, President of the International Office of Epizootics (O.I.E), member of the Administrative Commission of the O.I.E., President of the Heads of Veterinary Services of the EU during Italy's Presidency in 1996 and 2003 and Vice President of the European Agency for the Evaluation of Medicinal Products (EMEA).
Marabelli has been Director General of the Department of Veterinary Heath, Food and Nutrition of the Italian Ministry of Health since 1991. He is also a Professor at the School of Specialisation for Food and Nutrition hygiene of the veterinary faculty of a number of Italian universities such as Milan, Pavia, Parma and Piacenza. Marabelli has taken part in a number of International negotiations, including ones held in the USA, Canada, Brazil, Chile and Russia. Marabelli is author and co-author of approximately 100 scientific papers published between 1981 and 2005.

Patrick J. Moore
IRELAND
Graduate in Agricultural Economics from University College Dublin, Paddy Moore is currently Chief Operations Officer, Bord Bia, The Irish Food Board, which is responsible for the market development and promotion of Irish Food products worldwide. He is also President of International Meat Secretariat (IMS).
He was Special Advisor to the Irish Minister for Agriculture and Food, from 1997 to 2002 and was centrally involved in the negotiations to reform the Common Agricultural Policy and in the formulation of Ireland's position for the current WTO trade round.
From 1986 to 1994 he was Chief Executive of the Irish Livestock and Meat Board (CBF) – the Government Body for the promotion of Irish livestock and meat products - and was responsible for developing export markets in Europe and Internationally. He has previously worked both for the US and Canadian Departments of Agriculture.

Nancy Morgan
USA
Nancy Morgan is a trade economist at the Food and Agriculture Organisation of the UN based in Rome. She has extensive experience working on meat-related activities, both through FAO, USDA and through field work in developing countries. Over the past 10 years, she has monitored developments in international meat markets, analyzing policy and market related changes which affect trade flows of livestock meat products which could potentially affect livelihoods of livestock producers and exporters in developing countries. She is the secretariat for FAO's intergovernmental group on livestock, meat and dairy products and works closely with her colleagues who monitor developments in the WTO round, with specific emphasis on capacity building for developing countries in the negotiation process in Geneva.

Fabrizio Mottironi
ITALY
Mr Fabrizio Mottironi has a degree in Psychology from Rome University “La Sapienza” and a postgraduate diploma in Communication Science. He is President of Buonitalia S.p.A., a company whose task is to promote, develop and internationalize Italian agrofood products.
He is also Vice President of ISMEA, the Institute for Services to the Agriculture and Food Market, Minister Advisor for development strategies and institutional relations, member of the Advisory Committee of the Italian Institute for Foreign Trade – ICE, member of the Boards for the development of Quality Agrofood Production at the Ministry for Agricultural and Forestry Policy and of the Ministry of Health's Technical and Scientific Committee for the certification of quality and safety requirements of restaurant services and products.

Back to index

Carlos Oliva Funes
ARGENTINA
Carlos Oliva Funes holds a degree in Business Administration graduated from the Catholic University of Córdoba and also postgraduate studies in the University of Berkeley, California.
He has over 35 years of experience in the beef industry achieved as an executive in the most important companies of the industry. He was Corporate Vice President of Campbell Soup Company and Vice President of Vlasic Foods International and, since 1983, President of Swift Armour SA, Argentina's leading company in the production of beef products and also the main beef exporter in the country. He is President of the Argentine Beef Consortium (ABC), Vice President of the Developed and Innovation Foundation (FIDES) and active member of other non profit organizations. Also, he is a cattlemen and agricultural producer and director of diverse societies.

Geoffrey Podger
UNITED KINGDOM
Geoffrey Podger was appointed Executive Director of the European Food Safety Authority (EFSA) in February 2003. Podger was previously Executive Director of the UK Food Standards Agency, which was founded in April 2000 with the aim of increasing transparency and consumer involvement in food safety issues.
After his degree from Oxford University in 1974, the EFSA Executive Director worked for the British Government. He was mainly involved in public health matters and spent a considerable time working for the Ministry of Health in London. In 2003 he was nominated a member of the Order of Bath (an institution founded by George III in 1818). This title is bestowed upon British citizens from the public sector who have distinguished themselves for important and extraordinary services rendered at home and abroad.

M. V. Pratini de Moraes
BRAZIL
After being Deputy Minister of Planning (1968-1969), he became Minister of Industry and Trade at 30, one of the youngest Brazilian Ministers ever to take office. He was also a Congressman (1982-1986), Minister of Mining and Energy (1992), Minister of Agriculture, Livestock and Food Supply (1999-2002)
From 1976 to 1985 he was President of Brazil's Foreign Trade foundation. He also chaired the Brazilian Studies Center at the Johns Hopkins University and is member of the Advisory Board of the International Finance Corporation in Washington.
He is also a past President of the Brazilian Foreign Trade Association (ABO) and a member of the Board of the SEI Center for Advanced Studies in Management.
He is currently Chairman of the Board of Solvay & Cie. South America and a Member of the Supervisory Board of ABN AMRO Bank in Holland.
He is Chairman of ABIEC, the Brazilian Beef Export Industries Association.

Duncan Prior
UNITED KINGDOM
Duncan Prior is a Government official of the Department for Environment Food and Rural Affairs (DEFRA) in the United Kingdom. He works within the Department's Sustainable Agriculture and Livestock Products Directorate, which is responsible for all policy matters relating to agriculture in England and represents the UK at EU level. Within the overall portfolio of the reform of the Common Agricultural Policy, animal health and welfare, and agricultural research and development, Mr Prior has personal responsibility for industrial policy in the intensive livestock sectors, helping them to pursue competitiveness and stability in the wider context of sustainable development.
As a career civil servant, previous positions have involved Mr Prior in many areas of responsibility ranging from urban regeneration to personnel management, and to Ministerial private offices.

Michal Radlicki
POLONIA
Born in Warsaw, he holds a Degree in Geography, Geomorphology and Regional Studies from the University of Warsaw.
Before becoming Ambassador, he taught in a Warsaw elementary school, later working in the National Office for Elections (NSZZ "Solidarno__"-foreign office), as Senior Expert in the City Parliamentary Group (O.K.P.), Senior Expert in the Cabinet of the Polish Minister for Foreign Affairs, Secretary in the NATO Brussels office and later Councillor at the Polish Embassy, Deputy Director of the Cabinet of the Minister of Foreign Affairs, Advisor to the President of Peugeot Poland S.r.l. and Director General at the Ministry for Foreign Affairs.
As of February 2002 he is Ambassador Extraordinary and Plenipotentiary of the Polish Republic to Italy.

Jos Ramekers
THE NETHERLANDS
Jos Ramekers is since 2002 Chairman of PVE, the Dutch Board for Livestock, Meat and Eggs.
Before that, he has fulfilled several functions in the Meat Business. He was President of the Dutch Meat Industry Organisation and the Dutch Poultry Procession Organisation.
In the eighties he was senior advisor at the Dutch Ministries of Agriculture and Economic Affairs.
Jos Ramekers studied economics at the Erasmus University of Rotterdam.

Back to index

Ferdinando Romano

ITALY

Having obtained a degree in Medicine and Surgery in 1981, he obtained a Specialisation Diploma in Hygiene and Preventive Medicine in 1985. In 1987 he obtained the Master of Science (MS) in Epidemiology at the Harvard School of Public Health in Boston.
Since 2003 he has been a Professor in General and Applied Hygiene at the University of Studies of Rome “La Sapienza”. He has been the President of INRAN, the National Institute for Research on Food and Nutrition since 2002; since 2003 he has been a member of the National Commission for Health Research of the Ministry of Health and since 2004 a member of the “Food” Organisation Committee of the National Council for Research, the Scientific Council for Food Safety of the Ministry of Health and Committee for the Evaluation of Research of the Ministry of Education, University and Research.
He is author of 95 publications in national and international magazines.

Arturo Semerari

ITALY

Arturo Semerari, born in 1959, holds a degree in Agronomy and has been a freelance professional since 1984. He has been President of ISMEA, the Institute for Services to the Agricultural and Agrofood Market, since 2002, after having been its subcommissioner. He has worked, in Italy and abroad, in the management of agricultural holdings, consultancy and project design for agricultural and agro-industrial facilities. Since 2001, he has been a Ministerial Economic Advisor and member of the investment evaluation groups at the Ministry for Agricultural Policy and Forestry. He has been a member of Italian Government delegations working at European level (Council of Ministers of Agriculture and Fisheries) and within WTO negotiating sessions. Semerari has been a lecturer in Agricultural Economics – Business Organization and Management at the Faculty of Veterinary Medicine at Bari University.

Philip Seng

USA

Philip M. Seng, President and CEO of the U.S. Meat Export Federation (USMEF) and four times President of the International Meat Secretariat (IMS), the only American ever to hold that position, played a central role in U.S./Japanese negotiations leading to the historic 1988 beef liberalization. His marketing strategies served as a case study in Harvard University Business School, where he has been a guest lecturer several times.
Since January 1990, Mr. Seng has directed USMEF strategies in international programs, research, technical services, industry relations and global communications.
Mr. Seng was a member of the President's Agricultural Policy Advisory Council in Washington.
According to the "2004 Morse Target", Mr. Seng is one of the Americans “who influence overall policy toward East Asia.”

Søren Skafte

DENMARK

Born 1951. Masters Degree in Economics, University of Copenhagen, 1978.
Mr. Skafte has been serving for many years in the Danish Prime Ministers cabinet and in 1991 appointed Permanent Secretary in the Danish Ministry for Energy. From 1995 to 2000 he covered the post as Director General in the Directorate for Structural Development of Agriculture and Fisheries. In year 2000 he became CEO, Deputy Permanent Secretary, International Relations (FAO, Nordic Council of Ministers, Baltic Countries and Applicant Countries), Ministry for Food, Agriculture and Fisheries. From 1978 to 1988 part time lecturer in Macro Economics at Copenhagen Business School (CBS).
From 2003 posted as Minister at the Danish Embassy in Rome and responsible for Food Agriculture and Fisheries accredited to Italy, Malta and San Marino. Accredited to FAO as Deputy Permanent Representative of Denmark to FAO.
Member of the EU Council Working Party on FAO Coordination, the FAO Finance Committee, the Bureau of The Committee of World Food Security (CFS) and the Executive Committee of European Commission on Agriculture (ECA).

Laurent Spanghero

FRANCE

After receiving his higher education at the School of Agriculture, Laurent Spanghero founded Spanghero SA in 1970. He is Chairman of the Supervisory Board of the company, which now employs 500 and has a turnover of 120 million euro. Spanghero SA specialises in adult cattle, pig and sheep slaughtering, in the processing and marketing of all types of meat and in cooked foods.
Mr Spanghero has been President of the FNICGV (the National Federation of the Meat Industry and Wholesale Trade) since 1996 and President of the UECBV (European Livestock and Meat Trading Union) since 2000.
Mr Spanghero is a Knight of the National Order of the Legion of Honour and an Officer for Merits in Agriculture.

Hermanus Versteijlen

THE NETHERLANDS

The Market Unit for milk and milk products and the Market Unit for meats, eggs and poultry recently merged in the context of a DG Agri reorganisation. Mr Versteijlen became Head of the newly created Unit for animal products.
The Unit consists of approximately 35 persons of all different EU nationalities. It is responsible for preparing and modifying Council as well as Commission legislation in the different sectors mentioned above. Draft Commission regulations are discussed with Member States in the context of Management Committees organised on a 2 weekly or monthly basis.
The Unit is also responsible for monitoring and analysing the economic developments in the different sectors and give advice to other Units for instance on the fixation of export refunds and internal aid amounts.

Back to index

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