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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: The situation on the meat market considering new trade challenges
- Information from the Polish delegation

Delegations will find in Annex a note from the Polish delegation on the above subject, concerning an item under "Any other business" at the Council ("Agriculture and Fisheries") on 18 March 2019.

The situation on the meat market considering new trade challenges

Poland is a significant producer of meat in the EU. In the face of problems related to fast-growing imports of poultry meat from Ukraine, risk associated with possible granting of preferences to significant producers and exporters of poultry and beef meat such as Mercosur countries, as well as the risk of no-deal Brexit, Polish producers are particularly exposed to losses.

Poland is the largest producer of poultry meat in the EU (in 2017 production amounted to 2 344 thousand tonnes), 4th producer of pigmeat (with approx. 9% share) and a significant supplier of beef to the markets of other Member States. The poultry sector in Poland provides employment to approx. 39 thousand people, including approx. 12 thousand people at the agriculture level and approx. 22 thousand people in slaughterhouses and poultry processing plants. Almost 2 thousand people find employment in poultry feed factories and about 3 thousand people in other services related to poultry farming. Pigmeat and beef production is a source of income for many farms. Despite the progressive concentration, in 2016, in Poland, approx. 172 thousand farms raised pigs whereas approx. 343 thousand farms raised cattle.

Under the Deep and Comprehensive Free Trade Agreement (DCFTA), the European Union limited, by establishing tariff quotas, liberalization (elimination of duties) in the import of poultry meat from Ukraine. However, these quotas do not include non-standard poultry cuts. As a result, after the entry into force of the DCFTA, we are dealing with a substantial increase in imports of poultry meat from Ukraine. The negative effects of this growth is most visible in Poland which borders with Ukraine.

The consequences of the no-deal Brexit and introduction by the United Kingdom in the import from the EU of Most Favoured Nation (MFN) tariffs, may be more severe for agricultural producers and exporters than the effects of the embargo introduced by Russia in 2014. Particularly negative effects will occur in relation to poultry and poultry products, pigmeat and beef.

In the face of threats related to the growing import from Ukraine, and the prospect of liberalization of access to the EU market and Brexit, Poland requests the European Commission:

- to refrain, until the estimation of the consequences of Brexit, from making commitments to third countries (in particular Mercosur and in relation to the meat sector) which could aggravate negative trends on the EU markets resulting from Brexit;
- to include Brexit's consequences in ongoing FTA negotiations, in particular with Mercosur, Australia, and New Zealand. Any concessions for these countries under the negotiated FTA agreements should be preceded by agreements with these countries on the distribution of existing tariff-rate quotas (TRQs) between the EU and the United Kingdom - no new tariff preferences should be granted in the event of disagreement with a given partner in negotiations regarding already existing preferences;
- to ensure that all negotiated FTAs provide for the possibility of taking safeguard measures in the event of disturbances on EU agricultural markets caused by excessive imports on preferential terms;
- to urgently conclude renegotiations with Ukraine on TRQ for poultry meat and ensure quick entry into force of the agreement. The import from Ukraine of tariff items included in the enlarged quota which has been taking place since the beginning of the year should be counted against in its utilization irrespective of the date of entry into force of the agreement.

In addition to the above-mentioned actions related to the common trade policy, Poland requests the European Commission to prepare additional resources and intervention measures for producers of poultry, beef and pigmeat in the event of major disruptions and deterioration on the EU markets, and launch them in due time (without delay).