

CC(20)2213:1 – CG/jg

Mr Wolfgang Burtscher
Director-General
DG AGRI
European Commission
200, rue de la Loi
B-1000 Brussels

Brussels, 6th April 2020

RE: the impact of Covid-19 on the beef and veal market

Dear Director-General,

Following the outbreak and spread of Covid-19, Copa-Cogeca would like to share with you their views on its impact on the beef and veal sector.

The EU beef sector has seen several years of weak prices, putting the income in this sector under pressure. At the same time, the beef sector is providing highly nutritious food, at the highest standards possible, as part of a balanced diet.

Since the outbreak of Covid-19, the market situation has worsened.

Out-of-home consumption has disappeared, due to food service closures, such as hotels, restaurants and catering. Demand for minced meat from the supermarket is high, increasing sales at that level. Retail and butchers have gained some market share. Today, the industry has only one single buyer to talk to. With the food service and catering channels being lost, some of the high value cuts have been redirected towards supermarkets but where demand is very low, while some have no market at all. The price is likely to fall further as a result.

The veal industry is particularly directed at food service and therefore, with its closure, there has been a drop in demand for and value of veal. This is now also the period of seasonal production of veal and with no market to sell into, many producers will need to maintain the calves for longer than expected, leading to high costs for farmers.

Similar trends are found on the export markets. Solid retail demand for minced and forequarter product, however, lower demand on steaks. All these changes will have a significant impact on the sector's economic returns. To recall, the high value cuts represent 30% of the carcass value, which is now suddenly lost. The level of slaughter has also gone down, making the prices of live animals drop.

There are also worries with all workers getting sick at slaughterhouse level. Moreover, live animal exports are more difficult due to restrictions in place and border controls.

Despite all these difficulties, cheap cuts are still imported from Mercosur countries, creating a competition with EU high value cuts at retail level and once reopened, at HORECA level and further put pressure on the prices.

Consequently, these exceptional circumstances need exceptional measures.

We thus urgently call on the European Commission, together with the Member States:

- To ensure the free movement of goods and labour.
- To look into a more targeted TRQ management. EU imports of high value cuts need to be reviewed, without penalisation.
- To be open to activate market measures (including the private storage aid for specific high-value cuts and veal, and exceptional measures allowed by the CMO regulation). All these would have to be financed outside the CAP.
- Live animal transport must enjoy fast-track border controls due to animal welfare requirements.

We would like to thank you for considering our requests.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Pekka Pesonen', with a long horizontal stroke extending to the right.

Pekka Pesonen
Secretary General

Copy: Agricultural attachés of Member States