



Brussels, 3.6.2024
COM(2024) 228 final

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

on the sales designations and carcass classification in the sheepmeat and goatmeat sector

Contents

| | | |
|-------|--|---|
| 1 | Introduction | 2 |
| 2 | Approach and tools..... | 2 |
| 3 | Analysis of regulatory framework..... | 3 |
| 3.1 | Carcass classification | 3 |
| 3.1.1 | Antecedent | 3 |
| 3.1.2 | Current situation..... | 4 |
| 3.2 | Sales designation | 5 |
| 3.3 | Market information | 6 |
| 4 | Views of Member States and stakeholders..... | 7 |
| 4.1 | Respondents' assessment on carcass classification..... | 7 |
| 4.2 | Respondents' assessment on sales designations..... | 8 |
| 4.3 | Respondents' additional comments..... | 8 |
| 5 | Conclusions | 8 |

1 Introduction

Pursuant to Article 225(dd) of Regulation (EU) No 1308/2013 (the CMO Regulation)¹, the Commission is to submit to the European Parliament and the Council, by 30 June 2024, a report on sales designations and carcass classification in the sheepmeat and goatmeat sector.

The objectives of this report are:

- to review existing rules on carcass classification and sales designation for the sheepmeat and goatmeat sector; and
- to ascertain the necessity or not of further regulation on this matter.

2 Approach and tools

To collect expert views on the implementation of carcass classification and use of sales designations in the sheepmeat and goatmeat sectors, two surveys were prepared by the Commission in February 2023. One was addressed to Member States through the Expert Group for the Common Organisation of the Agricultural Markets, and the second to stakeholder members of the Civil Dialogue Group on Animal Production.

The Commission informed Member States and stakeholders of both the purpose and the schedule of the consultation prior to its launch and reminded them subsequently of the need for their participation in the survey. The Commission received input from 26 Member States (all except France), and from only four stakeholders belonging to organisations from Spain, Austria, and Portugal.

Additionally, the present report is supported by:

- analysis of current and previous legislation relevant to the scope of the report.
- findings from reports, evaluations, and audits carried out by the Commission.
- statistical data available for agricultural products, and
- contributions from experts of the Expert Group on Carcass Classification, and stakeholders of the Civil Dialogue Group on the sheep and goat market.

3 Analysis of regulatory framework

3.1 Carcass classification

3.1.1 Antecedent

From their introduction in 1992², both classification and price reporting according to the Community scale for carcass classification were voluntary for ovine animals. This differs from

¹ Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 (OJ L 347, 20.12.2013, p. 671, <http://data.europa.eu/eli/reg/2013/1308/oj>).

² Council Regulation (EEC) No 2137/92 of 23 July 1992 concerning the Community scale for the classification of carcasses of ovine animals and determining the Community standard quality of fresh or chilled sheep carcasses

the beef and pigmeat sectors, where the Union scale for carcass classification is compulsory, with derogations for small slaughterhouses, depending on Member State implementation.

Additional detailed rules, including more specific descriptions of the categories and fat classes, were laid down in 1993³. The Community scale entered into force on 6 March 1993 with provisions for price reporting based on classification with effect for the first time on 8 April 1993 at the latest. Based on these provisions, at the beginning of 1995, the Office for Official Publications of the European Communities published brochures, in most Union languages, issued by the European Commission explaining the grid scales for the classification of sheep carcasses.

Initially, one of the long-term objectives for the Union scale for carcass classification was to provide the basis for a new definition of standard quality of sheep carcasses based on a Union grid for determining prices and calculating the premium. The Union scale for carcass classification was intended to become a quality control for commercial transactions between sheep producers and meat processors. For lighter lamb carcasses, the conformation score was not considered as evaluating them equitably. This was because it would systematically penalise their naturally poor morphology (long-legged breeds) and reduced subcutaneous/internal fat ratio together with low weight. Therefore, a different system was developed for the classification of lamb carcasses weighing less than 13 kg.

Council Regulation (EEC) No 2137/92 required the Commission, under Article 9, to submit a report to the Council to evaluate the possibility to implement compulsory sheep carcass classification. In its report published in 1997⁴, the Commission noted the very limited use made by operators of the carcass classification grid and concluded that sheep carcass classification should continue to be applied by Member States on a voluntary basis.

The reform put in place by Council Regulation (EC) No 2529/2001⁵ on the common organisation of markets in sheepmeat and goatmeat changed the way in which the annual ewe premium was calculated. Accordingly, the Commission issued a second report to the Council in 2002⁶, to analyse again the possible mandatory use of the Union scale for sheep. In this second report, the Commission continued to recommend the use of the grid on a non-obligatory basis due to a lack of progress in implementing carcass classification in many Member States.

The former Community group for the inspection of the classification grid for sheepmeat carcasses, provided for under Regulation (EEC) No 2137/92, carried out inspection visits to several Member States in the period 1993-2000, with a view initially to align grading standards

and extending Regulation (EEC) No 338/91 (OJ L 214, 30.7.1992, p. 1-5, ELI: <http://data.europa.eu/eli/reg/1992/2137/oj>).

³ Commission Regulation (EEC) No 461/93 of 26 February 1993 laying down detailed rules for the Community scale for the classification of carcasses of ovine animals (OJ L 49, 27.2.1993, p. 70-74, ELI: <http://data.europa.eu/eli/reg/1993/461/oj>).

⁴ Report from the Commission on the implementation of Council Regulation (EEC) No 2137/92 concerning the Community scale for the classification of carcasses of ovine animals and determining the Community standard quality of fresh or chilled sheep carcasses and extending Regulation (EEC) No 338/91, COM/97/0250 final.

⁵ Council Regulation (EC) No 2529/2001 of 19 December 2001 on the common organisation of the market in sheepmeat and goatmeat (OJ L 341, 22.12.2001, p. 3-14, ELI: <http://data.europa.eu/eli/reg/2001/2529/oj>).

⁶ Report from the Commission to the Council on the implementation of Council Regulation (EEC) No 2137/92 concerning the Community scale for the classification of carcasses of ovine animals, COM/2002/0295 final.

among national experts, and to ensure that these standards were adhered to in the slaughterhouses visited.

The group found that most stakeholders were not convinced to apply and pay sheepmeat based on the classification scale; only in France, Finland and Sweden was the Union scale significantly developed. Most producers sold sheep on a live weight basis directly to slaughterhouses, and, where classification was practised, it was principally to meet the slaughterhouse or customer requirements.

Furthermore, the existence of different carcass presentations undermined transparency, which the grid was designated to promote, and lambs were sold at the same base price irrespective of carcass composition or grade. Comparison of prices quoted on a carcass weight basis was, from a producer perspective, confusing and misleading.

3.1.2 Current situation

The current provisions for sheep carcass classification are laid down in point C.III of Annex IV to Regulation (EU) No 1308/2013 (the CMO Regulation), in Commission Delegated Regulation (EU) 2017/1182⁷ and in Commission Implementing Regulation (EU) 2017/1184⁸.

Two different schemes exist for the voluntary classification of sheep carcasses, as follows.

- One is for sheep carcasses weighing 13 kg or more, generally referred to as the ‘SEUROP grid’, where carcasses are visually classified based on their conformation and degree of fat cover. As for bovine, conformation classes (S, E, U, R, O and P) describe the development of carcass profiles, especially high-value parts (hindquarter, back, shoulder), and indicates the sum of muscle and fat in relation to the bones. Fatness class (from 1 to 5) describes the amount of visible fat on the outside of the carcass.
- The second is for lamb carcasses weighing less than 13 kg, which describes weight, meat colour and fat cover, generally referred to as the ‘A grid’. Thus, only weight (three categories: <7.0 kg carcass weight (cw); 7.1-10 kg cw; and 10.1-13 kg cw), meat colour and class of fat cover are considered.

No legal provisions exist concerning carcass classification of goats.

Nowadays, due to a lower volume of production, carcass classification of sheep and goats in the Union still plays a secondary role compared to that of bovines and pigs. Only Bulgaria, France, Croatia, Finland, and Sweden confirmed, at the expert group on carcass classification held on 11 October 2023, the use of sheep classification according to the Union scale on their territories. In these Member States, during 2022, 277 slaughterhouses classified 4 420 782 carcasses of sheep, out of which 602 018 were adult (i.e., sheep older than 12 months) and

⁷ Commission Delegated Regulation (EU) 2017/1182 of 20 April 2017 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the Union scales for the classification of beef, pig and sheep carcasses and as regards the reporting of market prices of certain categories of carcasses and live animals (OJ L 171, 4.7.2017, p. 74-99, ELI: http://data.europa.eu/eli/reg_del/2017/1182/oj).

⁸ Commission Implementing Regulation (EU) 2017/1184 of 20 April 2017 laying down rules for the application of Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the Union scales for the classification of beef, pig and sheep carcasses and as regards the reporting of market prices of certain categories of carcasses and live animals (OJ L 171, 4.7.2017, p. 103-112, ELI: http://data.europa.eu/eli/reg_impl/2017/1184/oj).

3 818 764 were lambs (i.e., sheep younger than 12 months). However, that represented less than 12% of the total throughput of sheep for the Union as a whole. Classification was more relevant in the heavy lamb category than in the light lamb category, where only 111 130 carcasses were classified from a Union output in 2022 of more than 13.8 million carcasses. No automated grading methods are currently authorised in the EU.

In addition, the Union scale for carcass classification does not play a significant role in most Member States when reporting lamb prices. In 2022, only 103 sheep abattoirs applying the Union scale reported quotations to their competent authorities based on classification results. In Croatia, prices reported from the classification grid totalled 40.8% of national annual slaughtering. Recording of prices from key producing Member States - Greece, Spain, Italy, Portugal, and Romania - significantly comes from direct marketing of lamb at live or auction markets. In comparison, slaughterhouse purchases are predominant in Belgium, Ireland, France, Latvia, Slovakia, Finland, and Sweden. Most of lamb quotations reported to authorities are calculated from batches of lambs sold on a head, live or carcass weight basis.

Extending the use of the Union scale to goat carcasses does not appear feasible. A standard quality would be difficult to establish based on the EU grids for sheep carcasses since definitions based on age, weight and fat criteria and type of production differ substantially. In fact, when compared to sheep carcasses of the same age and gender, goat carcasses are smaller and have a lower amount of covering fat. The carcass yield tends to be less, mainly due to reduced carcass fat content since fattening occurs much later in the growth process while moisture and drip losses can sometimes be quite high (up to 8%).

Additionally, a major feature of goat carcasses is that almost all parts of the carcass are consumed in some countries, and since, in many cases, the head is not removed, it makes the practical use of a reference presentation difficult to set.

3.2 Sales designation

Sheep and goat products are not covered by the provisions on marketing standards of the CMO Regulation.

Nevertheless, whereas goatmeat is not differentiated into different categories, distinction of sheep categories is well established. In Annex I to the CMO Regulation, Part XVIII covers sheepmeat and goatmeat and live sheep and goats, under which lambs are defined as sheep up to 1 year old. In contrast, Annex IV, Part C defines the categories of classified sheep carcasses by use of letter A for sheep under 12 months old and letter B for other sheep. In fact, the term 'lamb' is also mentioned in relation to the delegated powers provided for under Article 19(6)(c) of the CMO Regulation for the classification of light lambs, whereas in Article 21 of the CMO Regulation on other implementing powers, the Commission should adopt implementing acts to authorise Member States to use specified criteria for the classification of lambs of less than 13 kg of carcass weight.

Moreover, in Commission Delegated Regulation (EU) 2017/1182, the term 'lamb' appears in recital 6, in Articles 3(2) and 21 and in Annex III. Under Article 13, part (a) point (iv), Member States have the obligation to report market prices for carcasses of sheep aged less than 12 months. Under Article 11 of Commission Implementing Regulation (EU) 2017/1184, market prices are to be recorded for sheep carcasses under two weight categories defined as 'light

lambs' (less than 13 kg carcass weight) and 'heavy lambs' (13 kg carcass weight or more). No other Union legal provisions exist concerning the recording of market prices for other sheep and goat carcasses.

Beyond the CMO Regulation, the terms for lamb and kid meats do appear explicitly differentiated from other sheep and goat meat categories in the Union Combined Nomenclature of 2022⁹. In that Commission Implementing Regulation, lambs are defined as animals up to 1 year old for Chapters 1, 2, 4, 15, 16, 41, 43 and 51 respectively, while the term 'kid' is mentioned in headnote 1 (c) to Chapter 41 (hides and skins), in heading 4106 and in line 4113 10 00. Additionally, in Article 31(1) of Commission Implementing Regulation (EU) 2020/1988¹⁰ regarding first come, first served tariff rate quotas, the term 'kid' is defined as goat of up to 1 year old.

In Annex I to Regulation No 1165/2008¹¹ concerning livestock and meat statistics, in point 2 on definitions for categories of sheep, the term lamb designates male or female sheep under 12 months of age.

3.3 Market information

For sheepmeat, the Commission has established provisions for reporting prices of lamb carcasses, since demand for meat from animals slaughtered at a younger age is more representative for market transparency purposes.

Under Article 25(2)(c) of Commission Delegated Regulation (EU) 2017/1182, Member States must notify the Commission each year of the total number of sheep slaughtered in the previous calendar year broken down per weight category.

For goatmeat, the Commission collects twice a year information on average prices based on a survey sent to experts of the Civil Dialogue Group on Animal Production.

The Commission held a sheep meat forum that brought together representatives of Member States with significant production, as well as producers, processors, and traders, to explore current and future challenges of the Union sheep meat sector. Following this, in October 2016, the Commission brought forward a dashboard for sheep and goats to provide weekly information on market prices, production and trade in the Union and in non-EU countries.

⁹ Commission Implementing Regulation (EU) 2021/1832 of 12 October 2021 amending Annex I to Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff (OJ L 385, 29.10.2021, p. 1-1091, ELI: http://data.europa.eu/eli/reg_impl/2021/1832/oj).

¹⁰ Commission Implementing Regulation (EU) 2020/1988 of 11 November 2020 laying down rules for the application of Regulations (EU) No 1308/2013 and (EU) No 510/2014 of the European Parliament and of the Council as regards the administration of import tariff quotas in accordance with the first come, first served principle (OJ L 422, 14.12.2020, p. 4-136, ELI: http://data.europa.eu/eli/reg_impl/2020/1988/oj).

¹¹ Regulation (EC) No 1165/2008 of the European Parliament and of the Council of 19 November 2008 concerning livestock and meat statistics and repealing Council Directives 93/23/EEC, 93/24/EEC and 93/25/EEC (Text with EEA relevance). (OJ L 321, 1.12.2008, p. 1-13, ELI: <http://data.europa.eu/eli/reg/2008/1165/oj>).

4 Views of Member States and stakeholders

4.1 Respondents' assessment on carcass classification

Five Member States confirmed that they apply the EU classification scale for lamb carcasses, with four of them using it also for adult sheep (i.e., sheep older than 12 months of age). Only two Member States make it compulsory for all operators, whereas in the other two, sheep classification is performed by only a small number of slaughterhouses on a voluntary basis. Croatia was the only Member State that confirmed that it was applying a mandatory carcass classification for goats, both for young and adult animals.

Despite most of the respondents recognising the value of the carcass classification for improving market transparency, adding market value to products, and improving supplier response to market demands, the extra costs of classification were mentioned as one of the main difficulties for making its use compulsory. Only four Member States replied favourably on introducing a mandatory classification for sheep at Union level. Furthermore, the great majority of Member States confirmed the absence of any request from domestic operators to modify the current voluntary basis of the Union scale. Fragmentation and/or the small size of their domestic markets were signalled by respondents as severe obstacles to imposing compulsory application.

In addition, only four Member States wished for the introduction of specific legislation on goat carcass classification. Many respondents also indicated that introducing classification to goat carcasses would not create added value, given that production is so marginal, and it represents in most cases a subproduct of dairy production. They concluded that any benefit of imposing any sort of carcass grading would be disproportionate compared to the additional costs for its implementation.

For market information, most of the respondents confirmed that carcass classification plays a minor role when purchasing sheep/goat meat. Only four Member State respondents and one stakeholder respondent expressed any interest to extend price reporting to other sheep carcass categories. Likewise, only two Member State respondents and one stakeholder respondent wanted price reporting for goat carcasses. Replies confirmed that, in most EU markets, the purchase of sheep and goat produce is agreed either based on flat rate payments, or per head, or per kg of live or carcass weight, or even on animal size.

Additionally, respondents indicated the relative importance of sheep traded in Bulgaria, Estonia, Greece, Spain, Hungary, Romania, and Sweden. However, respondents signalled that, even when trading live animals between Member States, purchases based on carcass classification are not significant.

4.2 Respondents' assessment on sales designations

To avoid any increase in financial and administrative burden on operators and authorities, the great majority of respondents did not show interest in imposing more new legislation at EU level on sales designation. Only five and two Member States, respectively for sheep and goats, supported having more specific legislation on sales designations at EU level.

Only one Member State reported a request from its domestic stakeholders to have specific legislation at EU level on sales designation for sheep, whereas also one respondent from stakeholders supported this position. In the survey, only one Member State stressed the need to distinguish more lamb categories, and one stakeholder respondent signalled insufficient market information for goatmeat.

4.3 Respondents' additional comments

From the answers of respondents, it emerges that the marketing and cutting of sheepmeat and goatmeat are mostly made following buyer specifications and entail lower processing than in other species meats. Some respondents recognised the importance in their Member States of small slaughterhouses and on farm slaughtering when supplying the processing industry with sheepmeat and goatmeat. At retail level, the meat is mainly sold in line with customer demands or in pre-packaged bundles.

In addition, respondents signalled the existence of various differentiated quality marks for sheepmeat in Belgium, Denmark, Estonia, Ireland, Greece, Spain, Croatia, Italy, Portugal, Slovenia, and Slovakia, and for goatmeat in Greece, Spain, Croatia, Portugal, and Slovenia. However, their market shares tend to be rather small when compared with the total domestic throughput.

In general, estimation of the market share for the different commodities was not available in most of the questionnaires.

5 Conclusions

Participation from stakeholders in the survey was very low, in line with the thinking that seeing more legislation on carcass classification and sales designation is not a priority for the sector. Moreover, there was little interest among Member States or stakeholders in introducing a mandatory sheep carcass classification, nor to introduce a carcass classification system for goats or to further legislate on sheepmeat and goatmeat products. Similarly, the European Parliament's 2018 Resolution on the current situation and future prospects for the sheep and goat sectors in the EU¹² did not call for any specific legislation on either carcass classification or sales designation.

Sheep carcass classification should therefore remain a voluntary tool at Union level to be used where it has benefits that provide real added value to justify any increase in costs and burden. The evaluation confirmed the lack of valid reasons for introducing a mandatory classification of sheep carcasses at Union level. There have not been significant developments in extending the use of the classification scale among key Union producers. Therefore, the costs and administrative burden to render obligatory the classification would not be justified. Slaughterhouses would be required to organise and perform carcass classification, to have trained dedicated staff, and to record and report results and prices. A competent authority would have to carry out on-the-spot inspections in line with Union rules, with consequent needs for additional resources.

¹² Report-A8-0064/2018.

Carcass classification can be a tool for the sheep supply chains in improving efficiency, price transparency and better marketing. However, while mandatory sheep carcass classification might facilitate the transmission of information through the supply chain and could in principle lead to fairer and more economically efficient transactions, many operators continue not to see major benefits, and most suppliers trading sheep do not see a need for classifying carcasses.

There is no need to extend the Union scale for carcass classification to goats, due to the very limited nature of this meat production in many Member States, and the specific characteristics of carcasses and meat cuts.

On sales designation, no systematic difficulties, or problems in implementing current legislation on sheepmeat and goatmeat marketing were reported in the questionnaires, and the survey showed that most operators and competent authorities are averse to imposing more legislative obligations on this issue. Rather, they favoured a simplified approach based on subsidiarity and reduced administrative burden. In addition, whereas sheepmeat and goatmeat have different commercial classifications, which depend on the age of the animal when it is slaughtered, the wide diversity of production systems and autochthonous breeds makes these sectors very heterogeneous, and consumer preferences are tied to cultural background. Therefore, the various dimensions that constitute meat quality could be subject to tension or conflict if the legislators were to introduce a specific sales designation.

The overall conclusion is that no new legislative proposals are needed on sales designations or carcass classification in the sheepmeat and goatmeat sector.