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Progress in regulating digital trade: WTO negotiations on e-commerce and negotiations on commitments in international agreements advance

In recent times, electronic commerce (hereinafter, e-commerce) and digital trade have grown substantially, but the relevant legal frameworks are lagging behind and efforts, domestically, as well as internationally, are underway for the rules to catch up. For instance, on 28 June 2021, the UK and Singapore formally launched negotiations of the *UK-Singapore Digital Economic Partnership Agreement* (hereinafter, UKSDEPA), which is intended to eliminate barriers to digital trade. At the multilateral level, on 23 June 2021, during the *WTO Virtual Trade Dialogues* meeting, WTO Members reaffirmed their intention to deliver concrete results and make progress on plurilateral negotiations on e-commerce. The growing importance of digital trade creates important commercial opportunities, but also legal challenges at domestic and international level.

The evolution of trade in the digital era and the challenges for international trade rules

Digital transactions have literally revolutionised the world and have evolved rapidly over the past few years, with important implications on international trade. Information and communication technologies, notably the internet, have also transformed the way businesses exchange goods, services, data, and information. These phenomena are collectively referred to as 'digital trade' and 'e-commerce'. Broadly speaking, the Organisation for Economic Co-operation and Development (OECD) defines 'digital trade' as "digitally enabled trade in goods and services, whether digitally or physically delivered, covering cross-border trade and data flows". Meanwhile, 'e-commerce' is an element of digital trade that specifically addresses the sale and purchase of goods or services via digital platforms.

New rules and international cooperation are key to address, for instance, the legal issues surrounding data flows, a term that refers to the "movement of data through a system comprised of software, hardware or a combination of both", digital connectivity (i.e., network connections), and interoperability (i.e., the ability of a system to exchange and make use of information). One of the challenges, when regulating digital trade, is the traditional distinction between goods and services. In the WTO context, trade in goods is regulated by the General Agreement on Tariffs and Trade (GATT), as well as a multitude of other related agreements, while trade in services is regulated primarily by the General Agreement on Trade in Services (GATS). However, digital products, such as software or music transmitted digitally, do not fall under the traditional bifurcation of goods or services.

Joint efforts for a plurilateral agreement on e-commerce

At the 11th WTO Ministerial Conference in 2017, 71 WTO Members, with participation open to all other WTO Members, launched the [Joint Statement on Electronic Commerce](#) and agreed to “initiate exploratory work together toward future WTO negotiations on trade related aspects of electronic commerce”. Formal negotiations were launched on 25 January 2019 by 76 WTO Members, accounting for 90% of global trade, including Australia, Japan, Malaysia, Indonesia, the EU, New Zealand, Switzerland, and the US. The negotiations revolve around six main themes: 1) Enabling e-commerce; 2) Openness and e-commerce; 3) Trust and e-commerce; 4) Cross-cutting issues; 5) Telecommunications; and 6) Market access.

On 24 January 2020, the participating WTO Members collectively agreed to deliver concrete results and progress, including a consolidated negotiating text, at the WTO’s 12th Ministerial Conference, originally scheduled for June 2020, but postponed to the end of this year. In recent months, substantial progress has been made and there are now 86 WTO Members participating in the e-commerce negotiations. A consolidated negotiating text was prepared and circulated on 7 December 2020. To date, the participating WTO Members have announced the finalisation of a clean text on the issue of unsolicited commercial messages and electronic signatures and authentication, while other topics such as Open Government Data, e-contracts, online consumer protection, and paperless trading, remain under discussion.

Regulating digital trade through international trade agreements

For the past few years, the growing importance of digital trade has found its way into regional and international trade initiatives, notably with several countries attempting to include dedicated chapter on digital trade or e-commerce (or both) in their preferential trade agreements.

For instance, a more digital-friendly legal framework has been developed within the Association of Southeast Asian Nations (hereinafter, ASEAN), which groups Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam (see [Trade Perspectives, Issue No. 7 of 9 April 2021](#)). Collectively, ASEAN Member States developed various legal instruments in an effort to enhance and facilitate cross-border e-commerce transactions within the region. Most importantly, on 12 November 2018, ASEAN Member States signed the [ASEAN Agreement on Electronic Commerce](#), which was adopted on 22 January 2019. The agreement paves the way to improved e-commerce cooperation within the ASEAN region and applies to measures adopted and/or maintained by ASEAN Member States that affect e-commerce. It addresses issues ranging from basic legal principles and ASEAN’s cooperation on e-commerce to the role of cybersecurity and electronic payments.

At the same time, the EU has been developing a template chapter on ‘*Digital Trade*’, which is becoming a standard instrument in the EU’s negotiations of its preferential trade agreements with third countries. As opposed to focusing merely on the aspects of e-commerce, the core element of the EU’s approach to digital trade appears to have a broader scope and to include, *inter alia*, the prohibition on customs duties on electronic transmissions, data flows, the regulation of data localisation, and the protection of software codes.

While the EU has already introduced some provisions on e-commerce in some of its most recent trade agreements, the revised EU-Mexico Global Agreement, which is currently undergoing the *so-called process of legal scrubbing* prior to ratification, is the first EU trade agreement to contain the new chapter on ‘*Digital Trade*’. The EU reportedly aims at introducing a chapter on ‘*Digital Trade*’ in the negotiations with Australia and New Zealand and it appears that this will become part of the EU’s standard template for new or revised trade agreements.

UK and Singapore launch negotiations for a Digital Economic Partnership Agreement

On 28 June 2021, the UK and Singapore formally launched negotiations for the *UK-Singapore Digital Economic Agreement* (hereinafter, UKSDEPA), which is intended to eliminate barriers to digital trade between the two countries. Singapore has already concluded such digital economic partnerships with Australia, Chile and New Zealand, while the UK appears to be the first European country to start negotiations on a Digital Economic Agreement. Overall, the UKSDEPA looks poised to establish rules to facilitate cross-border data flows, prohibit unjustified data localisation, and maintain high standards of personal data protection.

A study projects Singapore's e-commerce industry to reach a value of USD 22 billion by 2025 and, in 2019, Singapore was the UK's 20th largest trading partner, with bilateral trade worth USD 20 billion. Of that figure, 70% of services exports from the UK, such as financial and legal service, were digitally delivered to Singapore. The UKSDEPA could build on the *momentum* of the UK-Singapore Free Trade Agreement and enhance digital connectivity, enabling businesses to use Singapore and the UK as digital gateways to benefit from commercial opportunities in Asia and Europe.

The negotiations will reportedly focus on five key areas, namely: 1) Securing open digital markets for exporters; 2) Ensuring free and trusted cross-border data flows; 3) Cutting red tape for UK businesses by promoting digital trading systems; 4) Upholding online consumer rights and protecting businesses' valuable intellectual property; and 5) Deepening cooperation on future growth sectors such as fintech (*i.e.*, financial technology) and lawtech (*i.e.*, technologies that aim at supporting, supplementing or replacing traditional methods for delivering legal services). According to a press release issued by the Government of Singapore, the UKSDEPA is supposed to contain provisions on cross-border data flows, data protection, interoperable digital systems, and on the prohibition of data localisation.

The key issue of cross-border data flows

In a digitalised world, cross-border flows of data are an important element in digital trade and play a central role. Data flows refers to the movement or transfer of information between servers across countries. Businesses can generate value from data in many ways, such as using the data to develop and sell new products, improve existing products, or improve existing business processes. According to the OECD, cross-border data transfers have facilitated the establishment of global value chains. In fact, a study conducted by *Frontier Economics* for *DIGITALEUROPE*, a European trade association that represents the digital technology industry, shows that the growth of the digital economy and the success of European companies is largely dependent on the ability to securely transfer data.

In general, cross-border data flows are central to countries' digital trade and investment climate, as companies in the information technology (IT) and information services, media, and high-level manufacturing, are highly dependent on data. Nevertheless, cross-border data flows raise concerns about privacy and trust, due to the different standards related to the transfer and the potential (illicit) sale of personal information. Legal uncertainties and restrictions over international data transfers have the potential to negatively affect trade, competitiveness, and innovation. For instance, measures on '*data localisation*', restricting how data that is generated in one jurisdiction may be accessed, used or stored outside of that jurisdiction, pose complex legal and commercial issues.

Towards greater regulation of digital trade?

Digital trade has grown substantially over the past 20 years, but the relevant legal frameworks are still lagging. At the same time, domestic rules, for example on data localisation, risk negatively affecting trade and show the importance of bilateral, plurilateral, and multilateral agreements or coordination regarding the relevant rules. While discussions on a legal framework within the WTO are underway, increased collaboration on key issues, such as data flows and cross-border data transfer, is essential to avoid unnecessary trade barriers. All

relevant stakeholders should closely monitor this issue and engage with negotiators to put forth the industry's needs.

Animal welfare: Towards a phase-out of caged animal farming in the EU by 2027

On 30 June 2021, the European Commission (hereinafter, Commission) published a [Communication on the European Citizens' Initiative \(ECI\) "End the Cage Age"](#), which notes that it "*intends to put forward a legislative proposal by the end of 2023 to phase out and finally prohibit the use of cages for all the animal species and categories referred to in the initiative (laying hens, sows, calves, rabbits, pullets, broiler breeders, layer breeders, quail, ducks and geese) as part of the planned revision of EU animal welfare legislation, under conditions (including the length of the transition period) to be determined based on EFSA opinions, the results of an impact assessment and a public consultation*" (emphasis in original). The forthcoming phase-out of caged animal farming is poised to have a strong impact on animal farming in the EU and may have implications for the EU's international trade commitments.

Animal welfare in the EU

Animal welfare is an important cause enshrined in EU law. Article 13 of the Treaty on the Functioning of the European Union (TFEU) states that "*In formulating and implementing the Union's agriculture, fisheries, transport, internal market, research and technological development and space policies, the Union and the Member States shall, since animals are sentient beings, pay full regard to the welfare requirements of animals*". The EU's current legal framework on animal welfare in the context of animal farming is based on [Council Directive 98/58/EC of 20 July 1998 concerning the protection of animals kept for farming purposes](#), which is the main legal instrument for "*food producing animals*". The Directive is complemented by additional Directives on certain species, namely laying hens, broilers, pigs, and calves, setting minimum standards for their protection. Additionally, in 2005, the EU adopted [Regulation \(EC\) No 1/2005 of 22 December 2004 on the protection of animals during transport and related operations](#) and, in 2009, [Regulation \(EC\) No 1099/2009 of 24 September 2009 on the protection of animals at the time of killing](#) (see [Trade Perspectives](#), Issue No. 7 of 9 April 2021).

In 2012, the Commission adopted the [EU Strategy for the Protection and Welfare of Animals 2012-2015](#), with the objective "*to ensure uniform application and enforcement of the legislation in all Member States*" and to "*consider the feasibility of introducing a simplified EU legislative framework with animal welfare principles for all animals*". The urgency of regulating animal welfare was further highlighted in the Commission's 2020 [Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system](#) (hereinafter, Farm to Fork Strategy). Notably, in the *Farm to Fork Strategy*, the Commission underlined that "*better animal welfare improves animal health and food quality, reduces the need for medication and can help preserve biodiversity*" and that "*It is [...] clear that citizens want this*" (on the *Farm to Fork Strategy*, see [Trade Perspectives](#), Issue No. 10 of 22 May 2020).

The European Citizens' Initiative "End the Cage Age"

European Citizens' Initiatives allow EU citizens to submit a request to the Commission inviting it to submit a proposal for a legal act in an area of its competence. For an initiative to be examined by the Commission, it requires the support from one million citizens from at least one quarter of the EU Member States. In 2018, the non-governmental organisation [Compassion in World Farming](#), launched the European Citizens' Initiative "*End the Cage Age*", calling for a ban on caged animal farming throughout the EU, due to its adverse impact on animal welfare and the environment. According to [Compassion in World Farming](#), studies had shown that intensive animal farming, including caged farming, is among the major contributors of greenhouse gas emissions. According to [Compassion in World Farming](#), caged animal

farming entails poor living conditions for animals, due to the need of saving space in the farm in order to maximise profits.

The “*End the Cage Age*” initiative was submitted and formally registered by the Commission on 2 October 2020, counting close to 1.4 million signatures from all EU Member States (including the UK as a former EU Member State). After the registration, the Commission must submit a Communication in which it explains its conclusions on the matter and whether it will act upon it or not. In this case, the Commission laid out a plan of action indicating the legislative measures that it will take to support the end of caged animal farming. Through the initiative, EU citizens requested the Commission to propose legislation that would prohibit “*cages for laying hens, rabbits, pullets, broiler breeders, layer breeders, quail, ducks and geese; farrowing crates for sows; sow stalls, where not already prohibited; individual calf pens, where not already prohibited*”.

On 10 June 2021, the European Parliament adopted a [Resolution on the European Citizens’ Initiative ‘End the Cage Age’](#), urging the Commission to “*propose legislative instruments on fair and sustainable farming*” and, more specifically, to “*propose a revision of Directive 98/58/EC with the objective of phasing out the use of cages in EU animal farming, assessing a possible phasing-out by 2027*”.

A new legal framework to improve animal welfare

On 30 June 2021, in the *Communication on the European Citizens’ Initiative (ECI) “End the Cage Age”*, the Commission published its response to the initiative, committing to submit a legislative proposal by the end of 2023 that would review the EU’s existing legal framework on animal welfare. More specifically, the Commission intends to “*put forward a legislative proposal by the end of 2023 to phase out and finally prohibit the use of cages for all the animal species and categories referred to in the initiative (laying hens, sows, calves, rabbits, pullets, broiler breeders, layer breeders, quail, ducks and geese) as part of the planned revision of EU animal welfare legislation, under conditions (including the length of the transition period) to be determined based on EFSA opinions, the results of an impact assessment and a public consultation*”.

In its Communication, the Commission refers to a number of relevant trade aspects and notes that it would assess the implications of the prohibition of caged animal farming “*in the impact assessment for the revision of the animal welfare legislation*” and would explore three “*non-mutually exclusive options and their possible combinations*”, also underlining that any “*future measures the EU takes will need to comply with WTO rules*”. The three options under consideration are: 1) “*Enhanced cooperation with trading partners*”, such as raising awareness on alternatives to caged farming, particularly with EU trading partners with which the EU has trade agreements in place or with which negotiations are ongoing; 2) “*Imposing some EU rules on imports*”. More specifically, the Commission would “*assess the scope for translating the EU rules on cages into specific requirements to be applied to imports, following an appropriate transition period, but ensuring that concerns of citizens are addressed*”. During the transition period, the EU could assist its partners in the compliance process; and 3) “*An animal welfare labelling system that also applies to imports*” and which would inform consumers as to whether an animal has been raised in cages or free-range (on an EU harmonised animal welfare label, see [Trade Perspectives, Issue No. 7 of 9 April 2021](#)).

By early 2022, the Commission intends to carry out a public consultation on the issue and the new legal framework is expected to apply from 2027. According to the Commission’s Communication, both an impact assessment by the Commission and a request for an Opinion from the European Food Safety Authority (EFSA) would be required to carefully determine the feasibility of the specific measures.

A justifiable prohibition under WTO disciplines?

The prohibition of caged animal farming in the EU could present some problems at the international level in the context of the EU's commitments within the framework of the World Trade Organization (hereinafter, WTO). The European Parliament's Resolution underlines the importance of ensuring that imported animal products from non-EU countries fulfil the same EU standards applying to EU businesses and products. Consequently, the Commission's *Communication on the European Citizens' Initiative (ECI) "End the Cage Age"* states that it *"seeks to promote the uptake of sustainable standards globally, including on animal welfare, and to promote policy coherence between domestic and imported products"*.

Article XI of the *General Agreement on Tariffs and Trade* (hereinafter, GATT) provides for the 'General elimination of quantitative restrictions', which includes the prohibition or restriction of imports. Additionally, Article III of the GATT on 'National treatment on internal taxation and regulation' prohibits WTO Members from discriminating between domestic and imported 'like' products. Notably, Article III states that *"the products of the territory of any contracting party imported into the territory of any other contracting party shall be accorded treatment no less favourable than that accorded to like products of national origin"*.

With regard to the 'likeness' of products, WTO case law has repeatedly found that so-called 'process and production methods', referring to the ways in which products are made, cannot be used to determine that products are not 'like'. Consequently, eggs produced by a caged hen and eggs produced by a free-range hen would have to be considered as 'like' products. However, the EU could argue that the measure is justified under Article XX of the GATT, which provides for 'General exceptions' to the GATT commitments, and allows the EU to take measures that restrict international trade, as long as they are necessary for, *inter alia*, protecting *"human, animal or plant life or health"* and so long as the measures *"are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade"*.

With respect to the third option that will be considered by the Commission, namely an animal welfare labelling system that also applies to imports, such scheme could also come into conflict with the EU's commitments under the WTO Agreement on Technical Barriers to Trade (TBT) if the label were to be considered a technical regulation that is *"more trade restrictive than necessary"* to achieve a legitimate objective.

The Commission's *Communication on the European Citizens' Initiative (ECI) "End the Cage Age"* states that *"the legitimacy of applying production requirements to imports is based on the need to protect the environment and to respond to ethical concerns"*, but also underlines that any *"future measures the EU takes will need to comply with WTO rules"*.

An important step for animal welfare?

According to a study on living conditions of rabbits, hens and the pig sector by the *Institute for European Environmental Policy*, in 2017, 85% of rabbits were cage farmed, as were half of all laying hens in 2019, and most animals in the pig farming sector. The Commission's upcoming legislative proposal is likely to greatly impact the animal farming sector in the EU and might also have important implications for exporters of third countries' animal products to the EU. Stakeholders and interested parties should closely monitor the issue, take part in the public consultation, and contribute to the debate. The new measure might deliver important progress for animal welfare in the EU, but its implementation and design will have to undergo diligent scrutiny to allow for a smooth transition for farmers and traders and to ensure the measure's compliance with the applicable WTO rules and commitments.

EU allows insect protein for pig and poultry feed – towards decreasing the EU's 'protein deficit'?

On 22 June 2021, the European Parliament's Committee on the Environment, Public Health and Food Safety (ENVI) backed (with 39 votes in favour, 35 votes against, and with 5 abstentions) a draft European Commission Regulation amending Annex IV to *Regulation (EC) No 999/2001 of the European Parliament and of the Council of 22 May 2001 laying down rules for the prevention, control and eradication of certain transmissible spongiform encephalopathies* (also known as the *bovine spongiform encephalopathy* or BSE Regulation). The *Commission Regulation amending Annex IV to Regulation (EC) No 999/2001* would lift the prohibition on using pig processed animal protein (hereinafter, PAP) in poultry feed, poultry PAP in pig feed, insect PAP in pig and poultry feed, and ruminant collagen/gelatine in non-ruminant feed. Since 2001, following the BSE crisis, there has been a prohibition on the use of PAP in animal diets in the EU. This article looks, in particular, at the increased interest in recent years in using insects as a source of protein. There appears to be the potential for insect protein as an economically-viable alternative source for animal feed, which could help decreasing the EU's 'protein deficit', which refers to the fact that the EU imports more animal feed than it produces.

Potential for insect protein for both human consumption and animal feed

The interest in using insects as a source of protein has increased and there appears to be the potential for insect protein for both human consumption and animal feed. Entomophagy (*i.e.*, the human use of insects as food) is already common in many parts of the world, with at least two billion people worldwide consuming insects on a regular basis. Although this is not (yet) a common practice in the EU, the European Commission (hereinafter, Commission) recently authorised the placing on the market of dried yellow mealworm, as a novel food by *Commission Implementing Regulation (EU) 2021/882 of 1 June 2021 authorising the placing on the market of dried *Tenebrio molitor* larva as a novel food under Regulation (EU) 2015/2283 of the European Parliament and of the Council, and amending Commission Implementing Regulation (EU) 2017/2470*.

Experts agree that there are nutritional values to incorporate more insect-based protein into the EU consumers' diets. Edible insects typically contain a high level of calcium, high quality proteins, vitamins and amino acids. Insects are also rich in fibre, they represent a good source for healthy fats (omega-3) and have a high amount of nutrients such as iron, selenium, zinc and vitamin B12. Furthermore, insect consumption can be associated with environmental benefits, due to the limited resources necessary to rear them, compared to other animals.

Allowing the use of insect and non-ruminant processed animal protein in poultry and pig feed

The draft *Commission Regulation amending Annex IV to Regulation (EC) No 999/2001 of the European Parliament and of the Council as regards the prohibition to feed non-ruminant farmed animals, other than fur animals, with protein derived from animals* was approved by the Council of the EU in April 2021. In the European Parliament, Members of the European Parliament (MEPs) of the *Greens and the European Free Alliance (EFA)* group had sought to build a majority in the ENVI Committee to raise an objection and exercise the European Parliament's right of scrutiny, but were unable to obtain such support.

The Commission states that, since the enforcement of the prohibition of using PAPs in animal feed in 2001, the epidemiological situation regarding BSE had considerably improved in the EU, with no classical BSE case since 2016 and 24 EU Member States having a negligible BSE-risk status. In addition, the Commission states that the EU's *Farm to Fork Strategy* aims at making a better use of the protein and other feed material produced in Europe. With a view to address this context, the draft Regulation mainly allows the use of insect PAP and non-ruminant PAP in poultry and pig feed.

Under Article 7 and Annex IV of *Regulation (EC) No 999/2001 laying down the rules for the prevention, control and eradication of certain transmissible spongiform encephalopathies*, insects were prohibited for use as PAP to be used in feed for farmed animals, including fish. The prohibition of using PAPs in animal feed was partly lifted on the use of such proteins in fish feed in 2017. On 1 July 2017, *Commission Regulation (EU) 2017/893 of 24 May 2017 amending Annexes I and IV to Regulation (EC) No 999/2001 of the European Parliament and of the Council and Annexes X, XIV and XV to Commission Regulation (EU) No 142/2011 as regards the provisions on processed animal protein* (hereinafter, *Regulation (EU) 2017/893*) became applicable. *Regulation (EU) 2017/893* allows feeding animals in aquaculture with processed animal protein from seven insect species (see *Trade Perspectives, Issue No. 22 of 1 December 2017*).

Recital 16 of the draft *Commission Regulation amending Annex IV to Regulation (EC) No 999/2001* emphasises that “*Poultry are insectivorous animals, porcine animals are omnivorous, and there are no concerns with this feed material. As a consequence, processed animal protein derived from insects should be authorised to feed poultry and porcine animals, under the same conditions as required for feeding aquaculture animals*”. The prohibition to feed ruminants with insect PAP, as well as with poultry or porcine PAP, was not lifted.

Accordingly, the amended Section F of the Annex to the *Commission Regulation* sets out specific conditions applicable to the production and use of PAP derived from farmed insects and compound feed containing such protein intended to be used for feeding aquaculture animals, poultry, and porcine animals. For example, the production of insect PAP must take place in approved processing plants.

The EU's 'protein deficit'

The EU imports more animal feed than it produces, which is referred to as the ‘*protein deficit*’. The major source of protein in prepared animal feed currently still comes from soybean meal and fishmeal. The [European Parliament's Resolution of 8 March 2011 on the EU 'protein deficit'](#) states that 70% of the raw materials rich in plant proteins consumed in the EU (equivalent to 42 million metric tonnes in 2009), especially soy flour, are imported, mainly from Brazil, Argentina and the US. At the same time, approximately 60% of these imports (equivalent to 26 million metric tonnes) are by-products of vegetable oil production and are used as meals, especially soymeal, for animal feed (see *Trade Perspectives, Issue No. 9 of 6 May 2016*). On 22 November 2018, the Commission published a [report](#) on the development of plant proteins in the European Union. Depending on the protein source, the EU's self-sufficiency rate varies substantially (*i.e.*, rapeseed 79%, sunflower 42%, soy 5%). As a consequence, the EU imports annually around 17 million tonnes of crude proteins (of which 13 million tonnes are soy based and correspond to 30 million tonnes of soy bean equivalent), mainly from Brazil, Argentina and the US. The EU also imports 1.5 million tonnes of crude protein from sunflower and up to one million tonnes of rapeseed, both mostly from Ukraine.

The ‘*protein deficit*’ in Europe is a very real risk to social, economic and environmental progress. In recent years, many experts have argued that the use of insects for animal feed was more sustainable than plant proteins (*i.e.*, it requires considerably less land or energy) and that it could improve the impact on the environment. For example, compared to fishmeal, the house fly and black soldier fly production systems have shown more favourable results in terms of their impact on fossil fuel depletion, freshwater and marine eutrophication (*i.e.*, the gradual increase in the concentration of phosphorus, nitrogen, and other plant nutrients in an aging aquatic ecosystem, such as a lake), and ecotoxicity (*i.e.*, the potential for biological, chemical or physical stressors to affect ecosystems), as well as natural land transformation, compared to vegetable-based protein sources (see *Trade Perspectives, Issue No. 22 of 1 December 2017*).

Reactions and outlook

The *International Platform of Insects for Food and Feed* (IPIFF), the umbrella association of the EU insect production sector, has welcomed the ENVI Committee's vote backing the authorisation of PAPs, such as insect derived protein, in poultry and pig feed. The IPIFF's President reportedly commented that "*The upcoming authorisation represents a relevant milestone for our sector, as it will unlock two of the key markets targeted by insects as feed producers. It will therefore be instrumental in upscaling the European insect sector*". According to IPIFF, the authorisation of insect PAPs in poultry and pig feed would contribute to improving the sustainability of the European livestock sector, as well as making it more competitive. It would also enable a reduction in the EU's 'protein deficit'.

The final procedural steps for the adoption of the *Commission Regulation amending Annex IV to Regulation (EC) No 999/2001* should be completed in the coming weeks, with the formal adoption expected at the end of the summer. Stakeholders in the insect production sector, as well as in the animal feed sector, should monitor the related developments regarding new animal feed products containing insect PAP.

Recently Adopted EU Legislation

Trade Law

- [*Decision No 3 of the Korea-EU Trade Committee of 29 April 2021 on the amendment of Appendices 2-C-2 and 2-C-3 of Annex 2-C to the EU-Korea Free Trade Agreement \(2021/1082\)*](#)
- [*Notice concerning the date of entry into force of the Amendments to Appendices 2-C-2 and 2-C-3 of the Annex 2-C of the Free Trade Agreement between the European Union and Korea*](#)

Customs Law

- [*Commission Implementing Regulation \(EU\) 2021/1079 of 24 June 2021 laying down detailed rules for implementing certain provisions of Regulation \(EU\) 2019/880 of the European Parliament and of the Council on the introduction and the import of cultural goods*](#)
- [*Commission Implementing Regulation \(EU\) 2021/1071 of 29 June 2021 amending Implementing Regulation \(EU\) 2021/442 and Implementing Regulation \(EU\) 2021/521 related to the mechanism making certain products subject to the production of an export authorisation*](#)

Food Law

- [*Commission Implementing Regulation \(EU\) 2021/1063 of 28 June 2021 approving alkyl \(C12-16\) dimethylbenzyl ammonium chloride as an active substance for use in biocidal products of product-types 3 and 4 \(1 \)*](#)

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