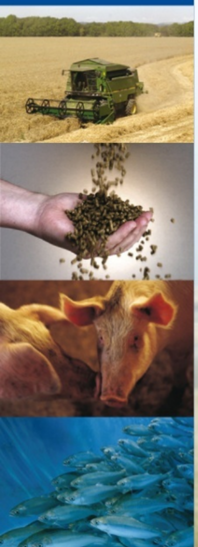
FEFAC

GM import opt out proposal: FEFAC perspective to continue supplying the EU feed and livestock sector

Jaime Piçarra & Ruud Tijssens

FEFAC



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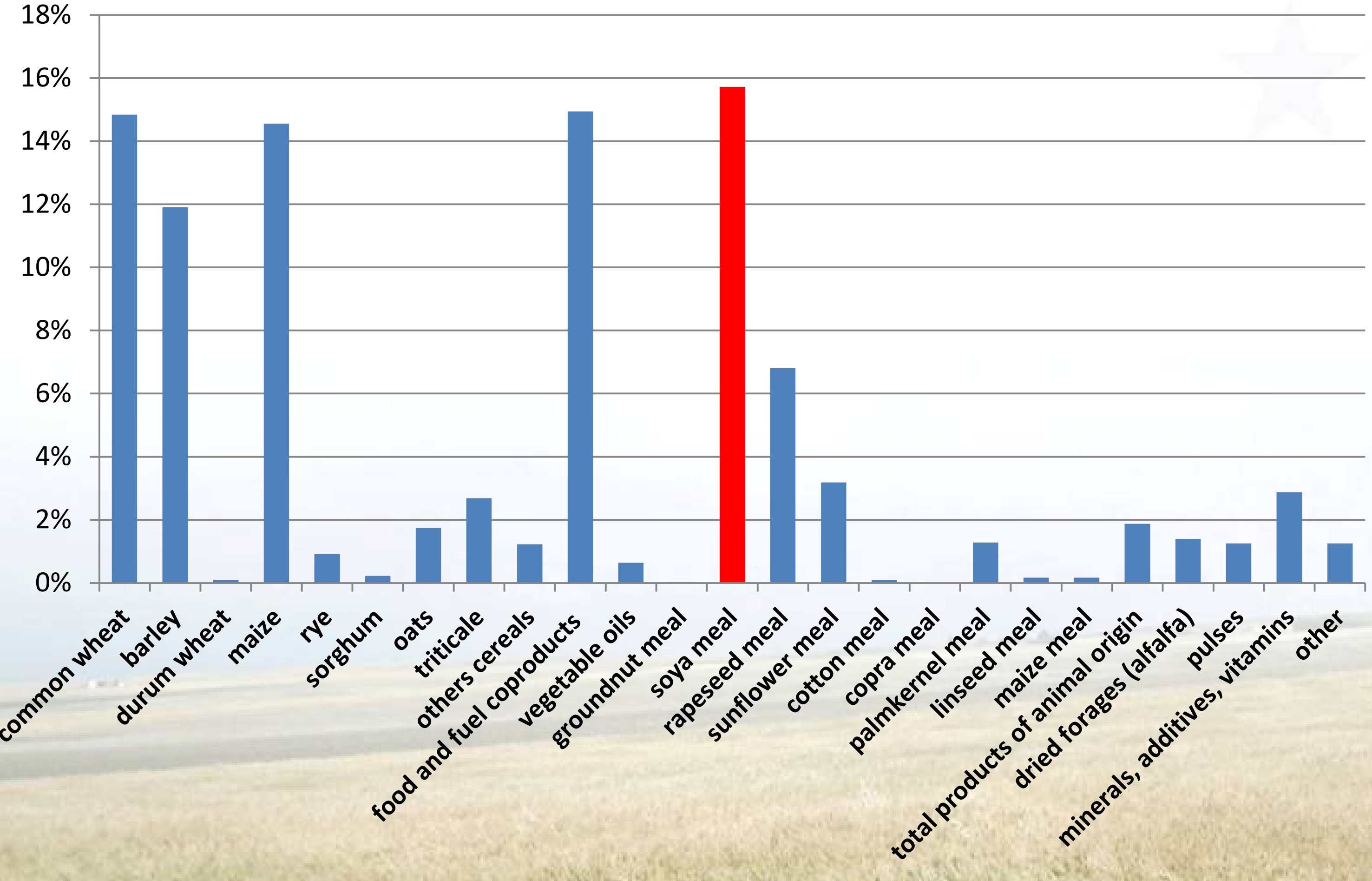
Outline

- FEFAC in a nutshell
- What does the opt-out proposal mean for the EU feed industry?
- FEFAC, FEDIOL and COCERAL joint impact assessment of EC proposal
- Why is the opt-out not relevant: the Non-GM market
- Conclusions

FEFAC in a nutshell

- Created in 1959
- Represents industrial compound feed and premixtures manufacturers
- 33 Members:
  - 24 Member Associations from 23 EU Member States
  - 2 Observer Members (Serbia, Russia)
  - 7 Associate Members (Turkey, Switzerland, Norway (3), EMFEMA, EFFPA)
- 153 mio. t of industrial compound feed in EU-28 in 2014
- 7 Technical Committees to assist the FEFAC Council
  - Animal Nutrition
  - **Industrial Compound Feed Production**
  - Premix & Mineral Feed
  - Feed Safety Management
  - Fish Feed
  - Milk Replacers
  - Sustainability

Consumption of feed ingredients by the EU compound feed industry

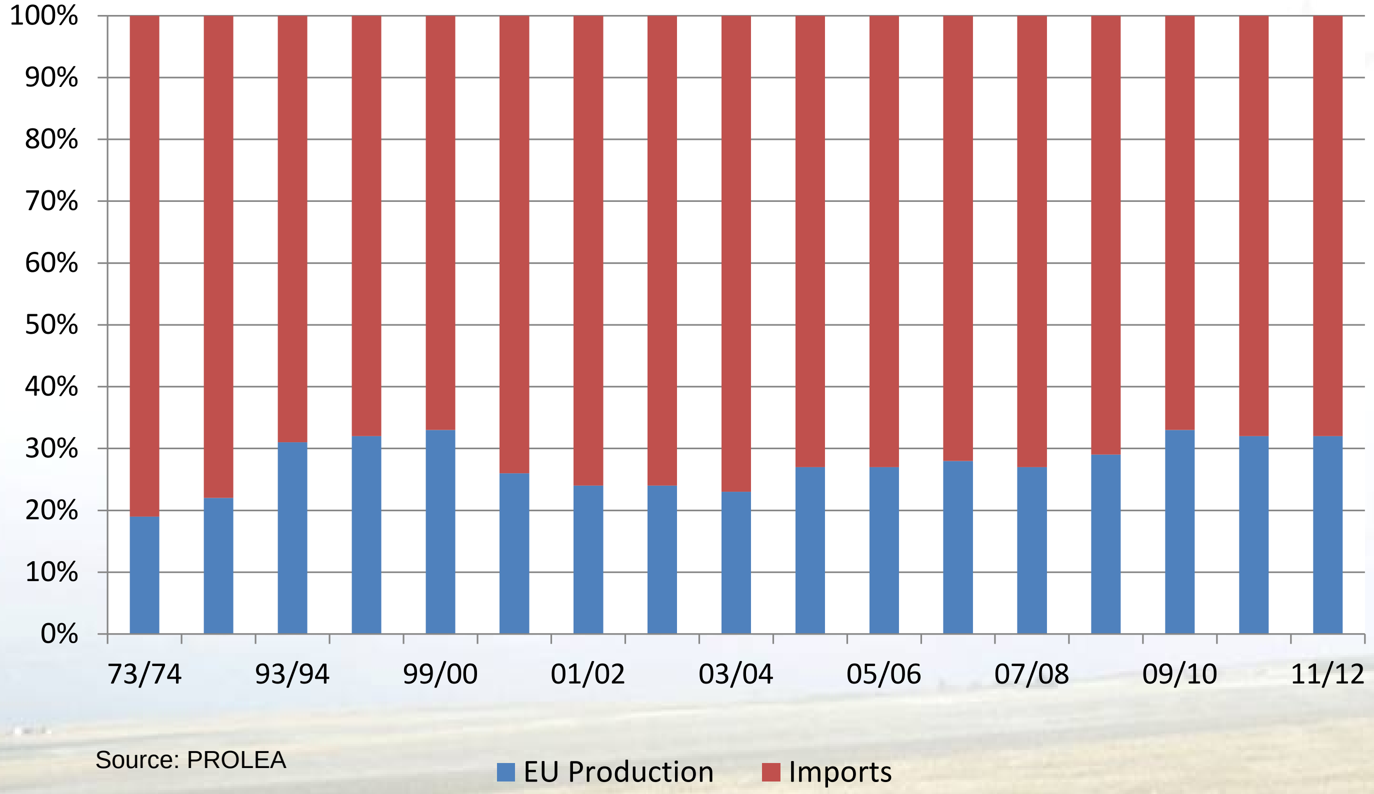


2009-2013 average (source: FEFAC)

What does the EU feed industry delivers to livestock farmers?

- Price competitiveness (feed costs)
- Balanced diets, to meet the nutritional requirements of animals, according to species and stage of development
  - Energy
  - Protein
- Resource efficiency
- **Free access to feed ingredients is a key factor for competitiveness**

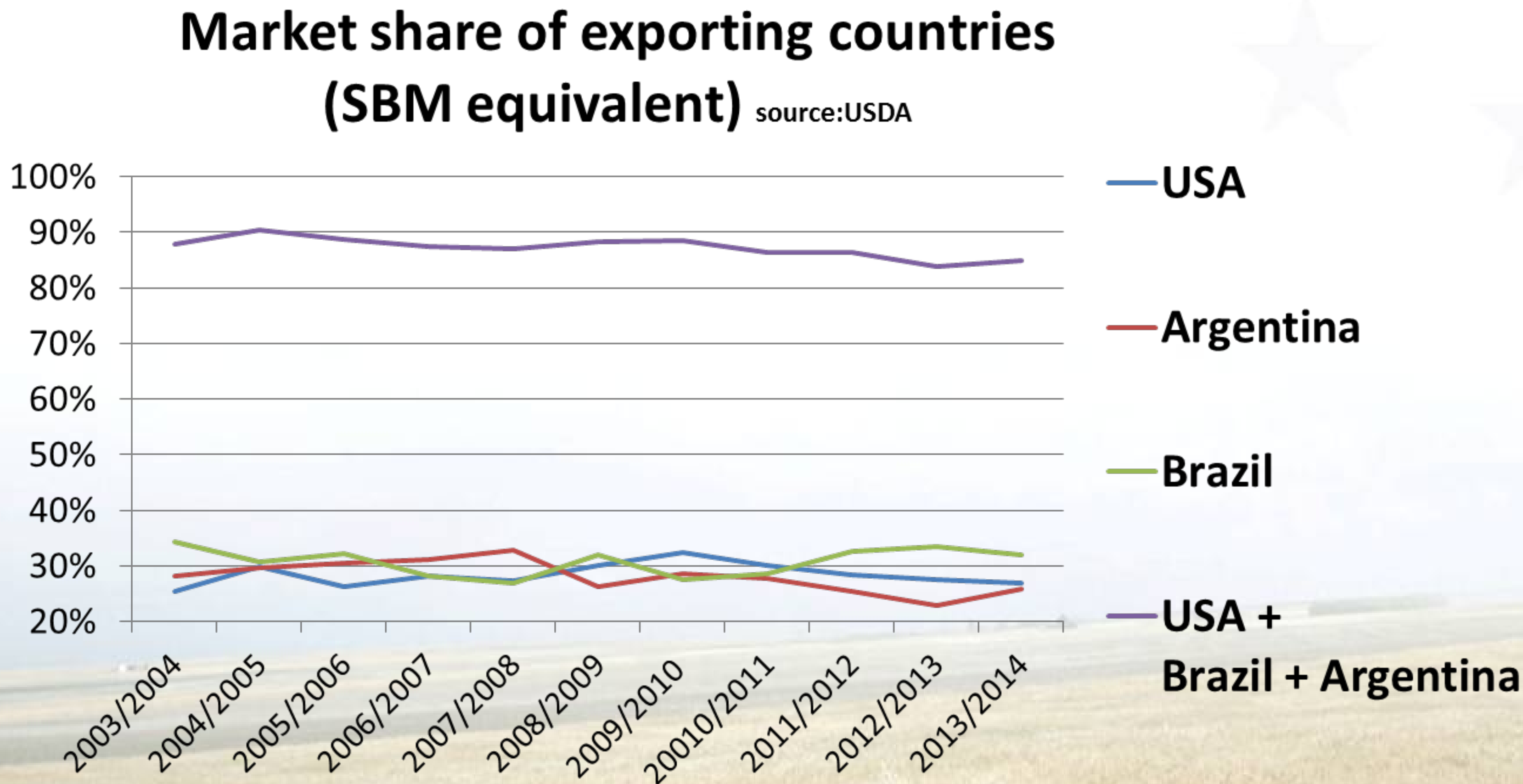
EU protein-rich deficit



Source: PROLEA

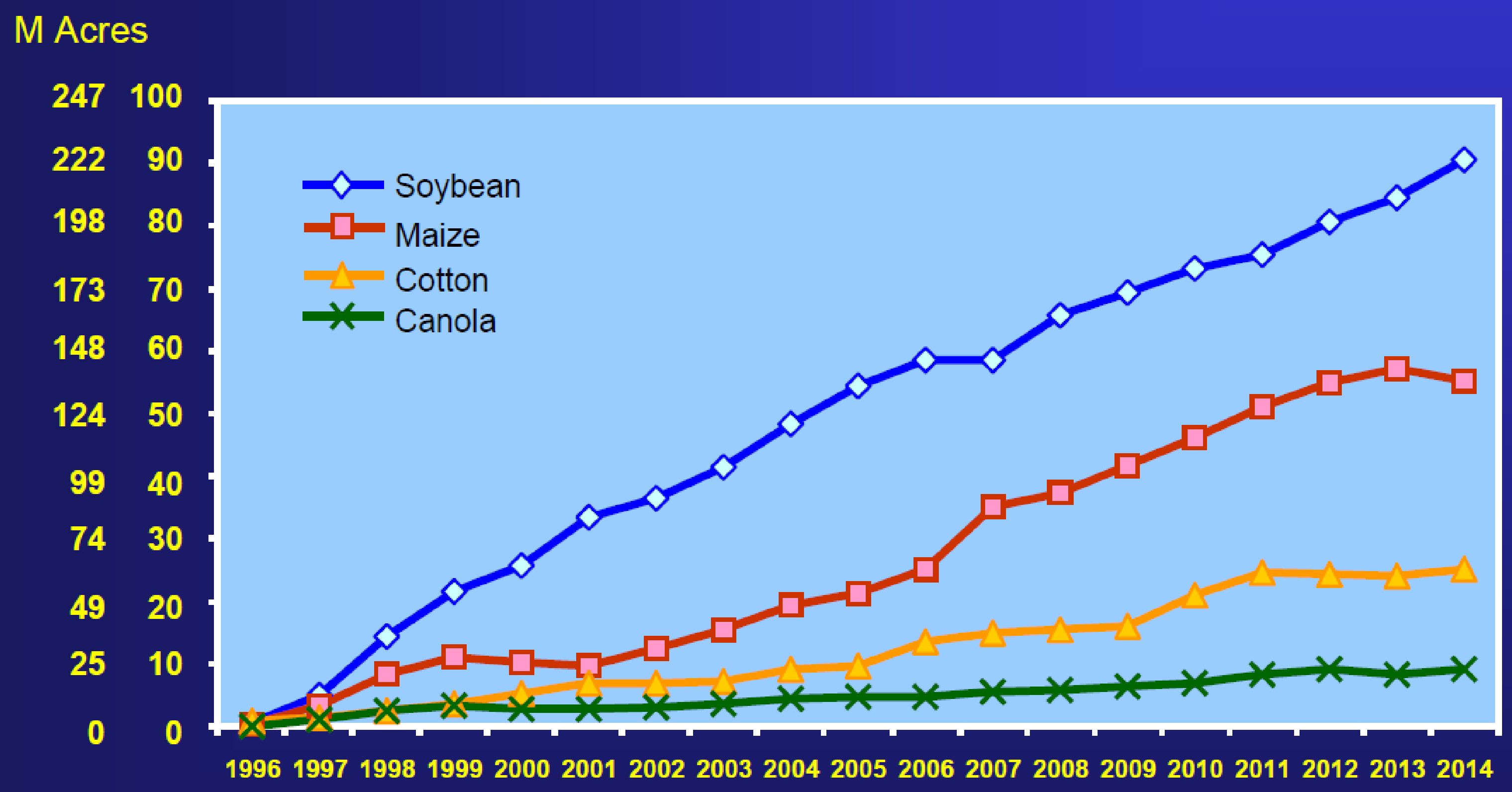
- The EU protein deficit is not something new and has been quite stable over the years…

EU protein deficit : the dependency is concentrated



- Any problem in one of these 3 countries has immediate consequences on global market and on EU supply

Adoption of GM technology



Source: Clive James, 2014

Situation regarding supply

- The EU is highly dependent on import for its concentrated protein needs, essentially through soybean and soybean meal

- **The EU suppliers have massively adopted the GM technology**

What does the opt out mean?

- No access to imported soybean
- No access to US corn and corn by-products
- More difficult access to corn from Argentina and Brazil

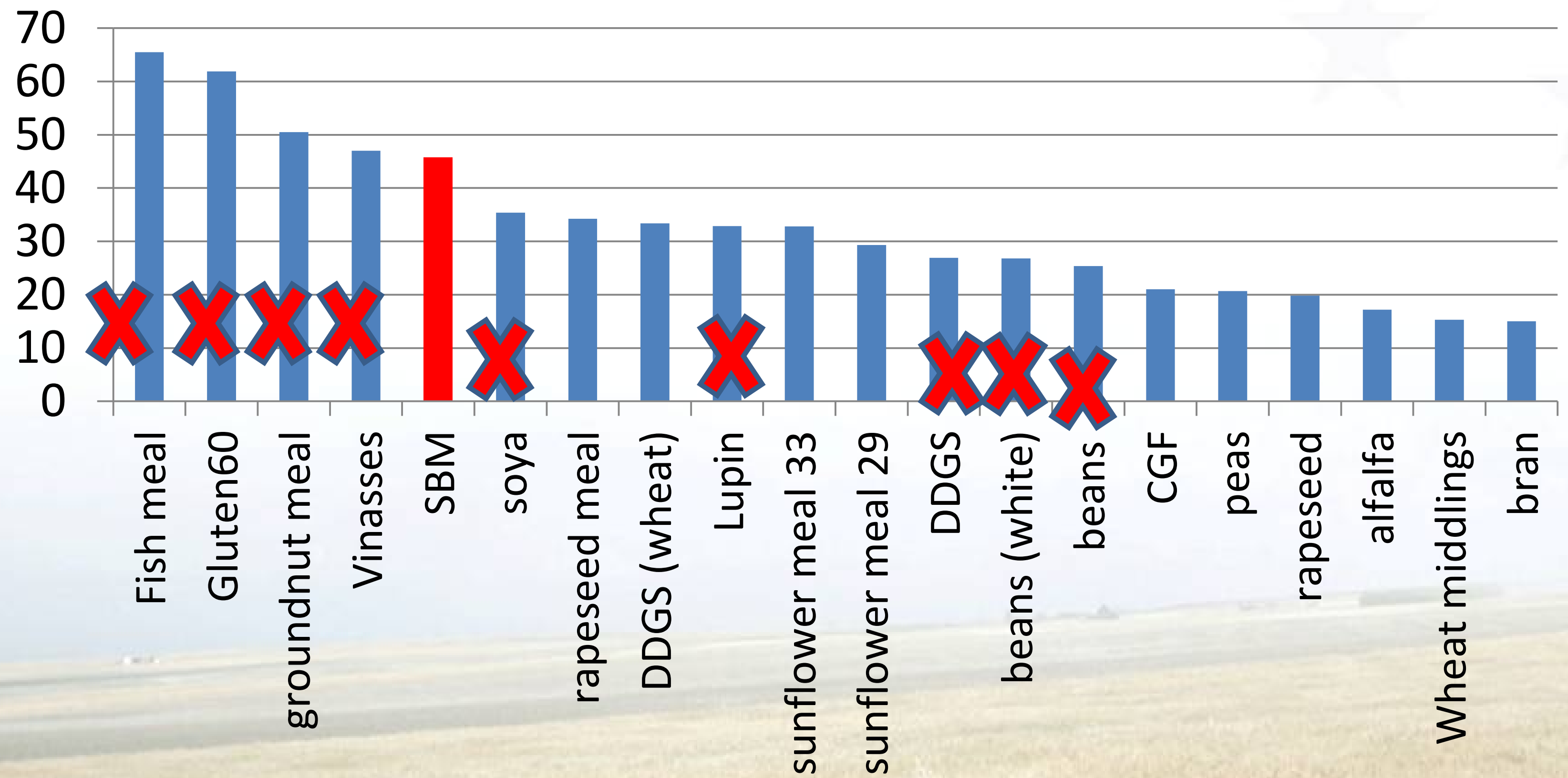
Economic impact assessment of the EC « opt out » proposal

- The European Commission did not undertake any impact assessment of the proposal, although it has to
- Joint impact assessment by FEFAC, COCERAL and FEDIOL
- Legal advice requested by some MS (Council ?)
- Impact assessment (Commission ?)

Impact assessment

- 4 opt-out countries considered: France, Germany, Poland, Hungary
- Other countries treated as a whole
- Analysis of consequences on feeding costs, with focus on pig and poultry
- Only soybean considered (underestimation of consequences)
- Analysis of consequences on competitive positions

Alternative feed ingredients : Not using SBM is not realistic (economically and nutritionaly).



Protein content of major feed ingredients above 15% protein

No viable alternative to soybean meal

- Rationale for the compound feed industry.
- Simplification: assuming that rapeseed is the main source of domestic protein for substitution.

- EU compound feed production: 150 Mt
- Average SBM inclusion rate= 16% i.e. 24 Mt (source: FEFAC)
- Reducing the SBM inclusion rate by 1% means reducing SBM consumption by 1,5 Mt.
- This represents
  - 2,85 Mt of rapeseed meal (based on ileum protein digestibility)
  - 5,6 Mt of rapeseed
  - 25% of EU average rapeseed production

- **Each time the EU compound feed industry reduces the SBM inclusion rate by 1%, the EU rapeseed production must increase by 25%.**

- The potential for substitution by other protein sources than non-GM soy is extremely limited.

Agreement on biofuels April 2015

- 7% cap for crop-based biofuels
- Non-binding 0,5% target for advanced biofuels
- Double counting for biomass fraction of industrial waste not fit for the use in the food or feed chain
- Reporting of ILUC emissions
- ILUC accounting subject to review in 2018

►**No major impact expected regarding availability of co-products**

Influence of CAP

- Greening measures
  - Crop rotation
  - Ecological focus areas
- Re-coupling of direct support in some countries
- **No significant impact so far**

Economic impact assessment

- No viable alternative to soybean meal
- GM soy would have to be replaced by non-GM soy, with a premium and increased dependency
- EUR 1.2 bln if four MS opted-out or
- EUR 2.8 bln if all the EU opted-out

Consequences of the opt-out proposal

Less access to feed ingredients

↓

Higher feed costs, loss of competitiveness

↓ ↓

Loss of market shares on domestic market

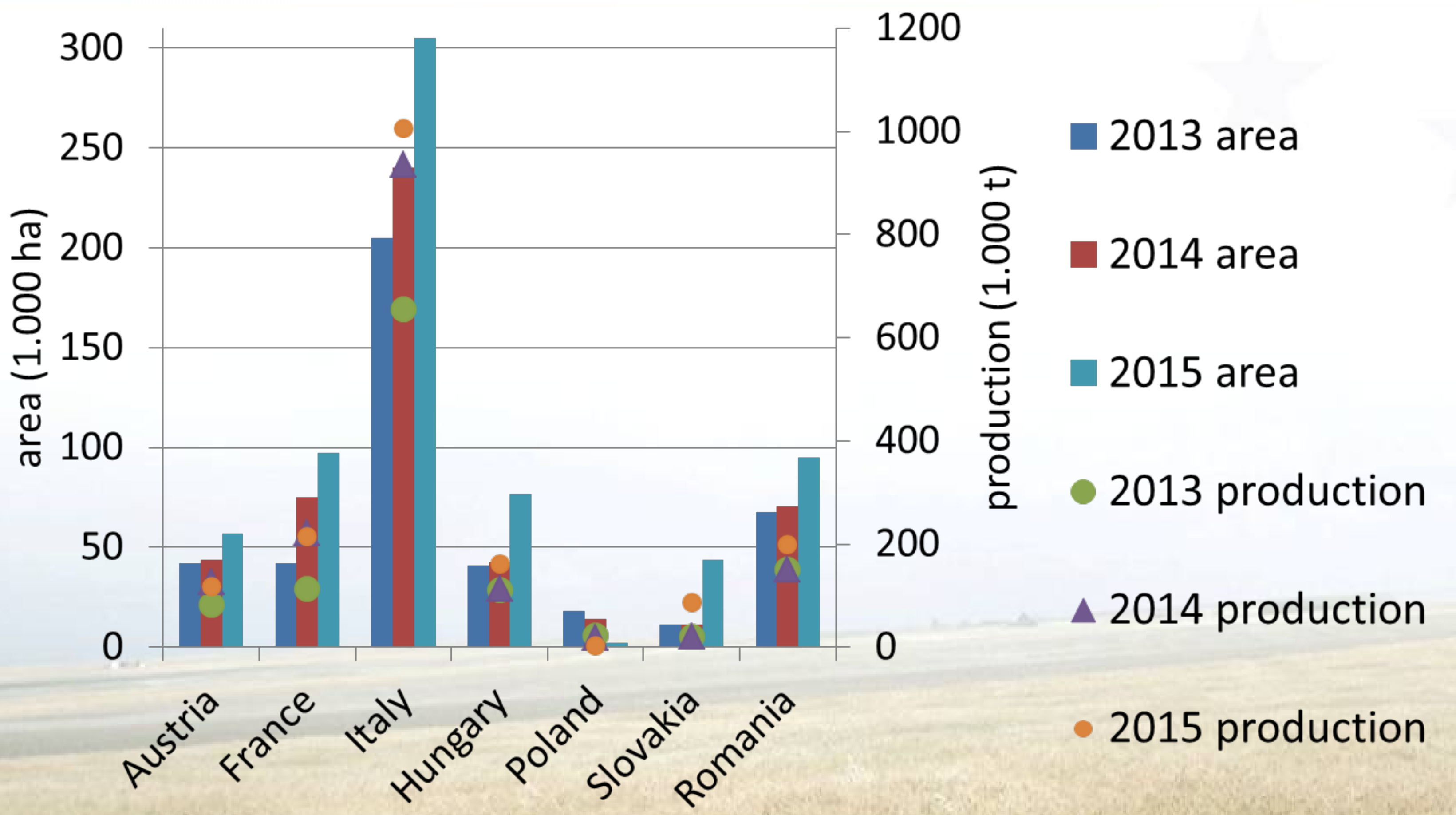
Loss of access to export markets

↓ ↓

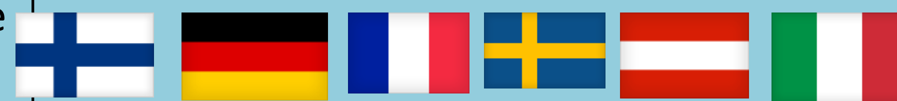
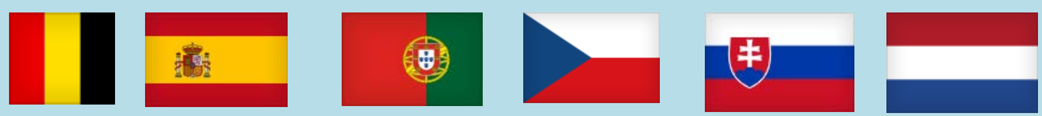
Threat to economic viability of whole livestock value chain

Why is the opt-out proposal not relevant: the non-GM feed market

EU soybean production



European overview

Countries with demand for non-GM compound feed	Demand mainly driven by one specie	
	Demand driven by more than one specie	
Countries without significant demand for non-GM compound feed		
Missing information (some are strongly against GM)		

Main characteristics of non-GM feed demand across the EU

- The non-GM compound feed market is a well established niche market at EU level :**less than 15% of compound feed market**
- Great variations between countries
- Offering choice is important
- This market can be supplied, provided extra-costs can be passed on
- Legal certainty on labellings is important

Access to feed ingredients: conclusion

- Substantial additional cost
- Internal market disruption
- External market disruption
- Non-GM market exists

So, what’s next?