



FEFAC perspective on GM import opt-out proposal

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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



What does the opt-out proposal mean for the EU feed industry?





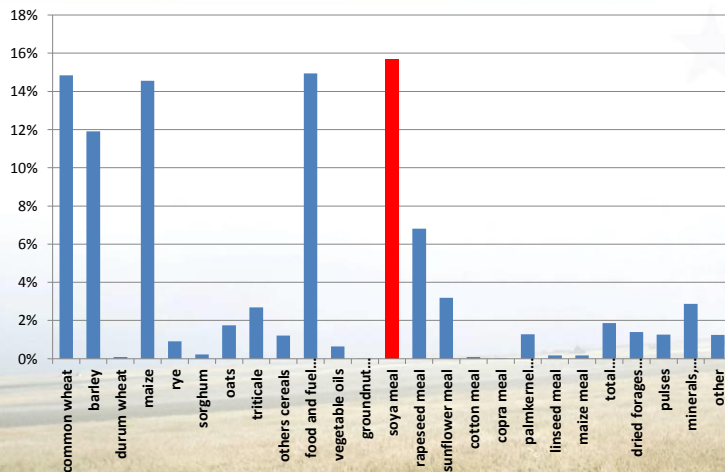
Opt-out solution for GM imports

- States would be allowed to take measures “restricting or prohibiting the use of [authorized] products”.
 - MS measures to restrict or prohibit would need to be based on compelling grounds not associated with the risk assessment, and would also need to be proportional and non-discriminatory.
- Member States would have to submit proposed measures and their justification to the European Commission (European Commission can comment)
- Does not apply to cultivation of GMO

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Consumption of feed ingredients by the EU compound feed industry



2009-2013 average (source: FEFAC)

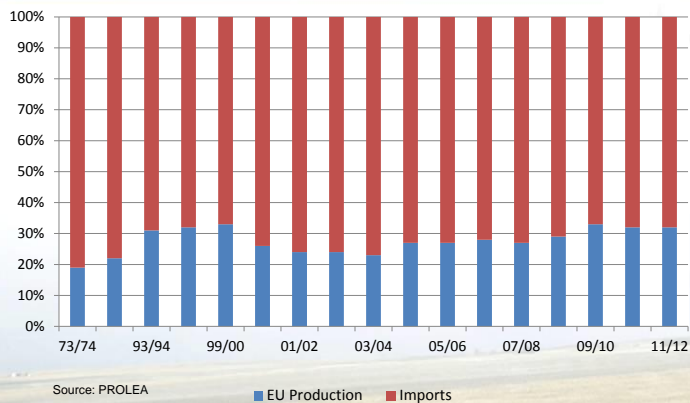


What does the EU feed industry delivers to livestock farmers?

- Price competitiveness
- 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**



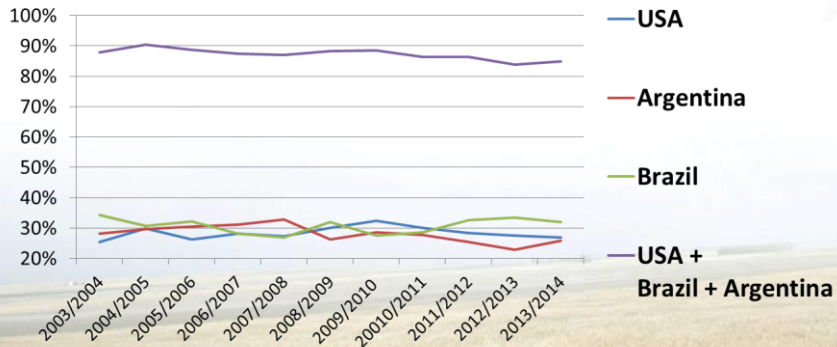
EU protein-rich deficit



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

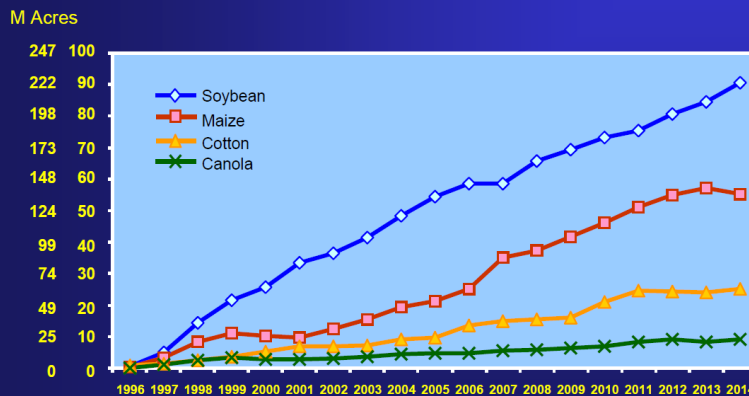
EU protein deficit : the dependency is concentrated

Market share of exporting countries (SBM equivalent) source:USDA



- 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





Impact assessment of the opt-out proposal



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



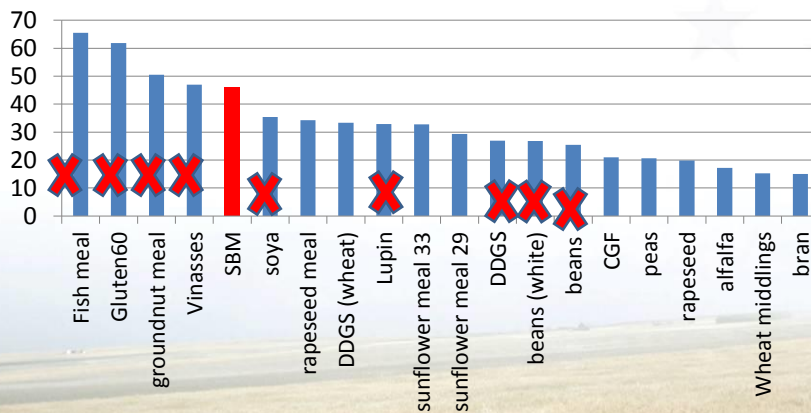


Impact assessment

- 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



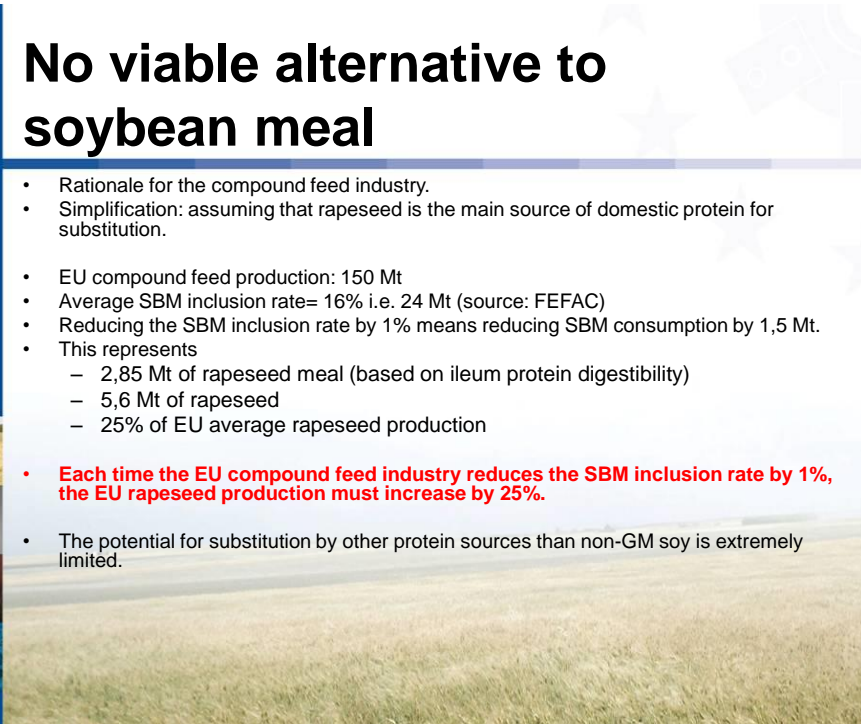
Alternative feed ingredients : Not using SBM is not realistic (economically and nutritionaly).



Protein content of major feed ingredients above 15% protein

No viable alternative to soybean meal

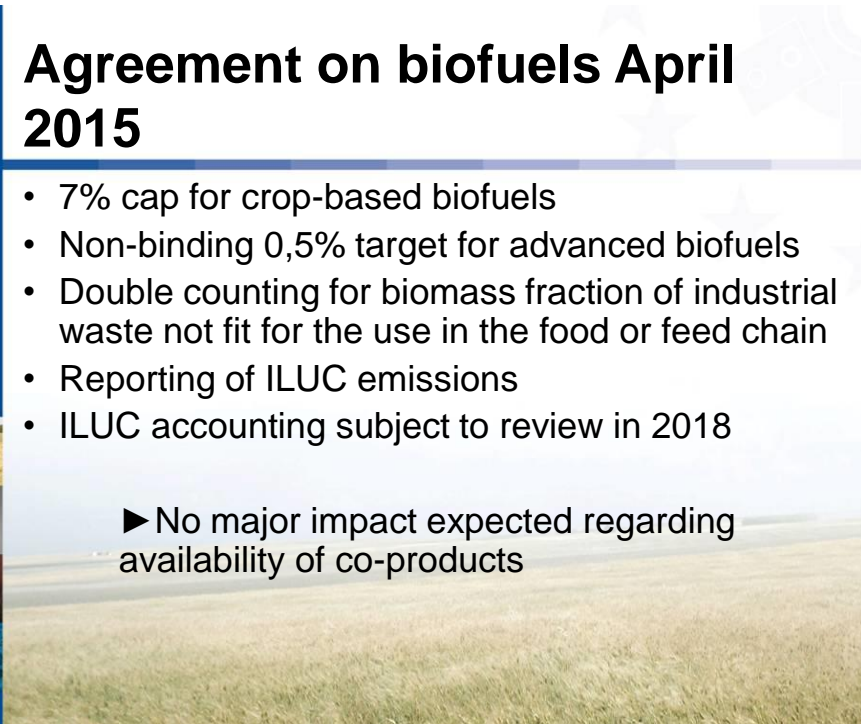
- Rationale for the compound feed industry.
- Simplification: assuming that rapeseed is the main source of domestic protein for substitution.
- EU compound feed production: 150 Mt
- Average SBM inclusion rate= 16% i.e. 24 Mt (source: FEFAC)
- Reducing the SBM inclusion rate by 1% means reducing SBM consumption 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

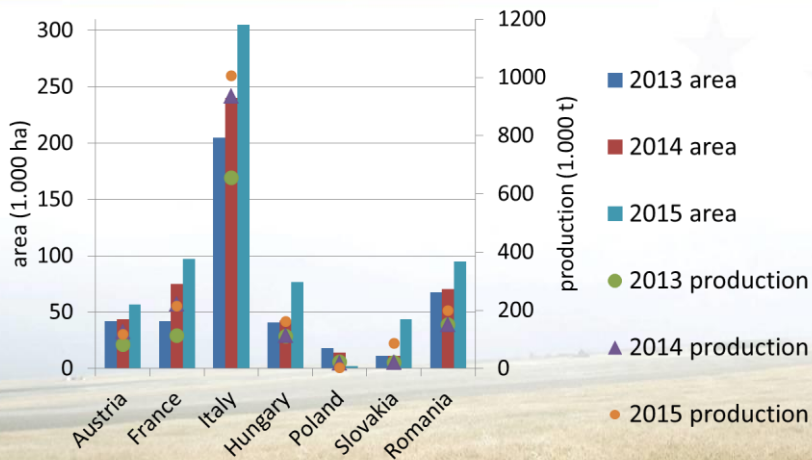
- 7% cap for crop-based biofuels
- Non-binding 0,5% target for advanced biofuels
- Double counting for biomass fraction of industrial waste not fit for the use in the food or feed chain
- Reporting of ILUC emissions
- ILUC accounting subject to review in 2018

► No major impact expected regarding availability of co-products





EU soybean production

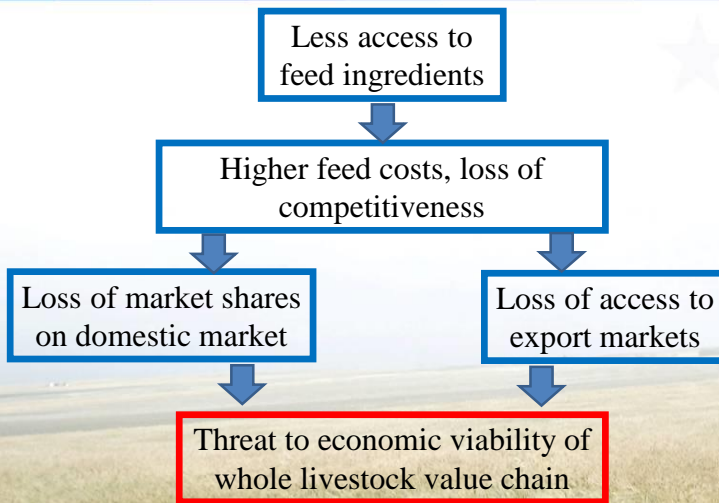


Influence of CAP

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



Consequences of the opt-out proposal



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

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



European overview



Countries with demand for non-GM compound feed	Demand mainly driven by 1 one specie	
	Demand driven by more than one specie	
Countries without significant demand for non-GM compound feed		
Missing information		



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 labelling is important.



Access to feed ingredients: conclusion

- Safety first (feed is part of the food chain)
- Avoid unjustified trade barriers
- Less feed materials available means higher feed costs, to the expense of livestock farmers



Thank you for your attention



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Fédération Européenne des
Fabricants d'Aliments Composés
Europäischer Verband
der Mischfutterindustrie
European Feed
Manufacturers' Federation

