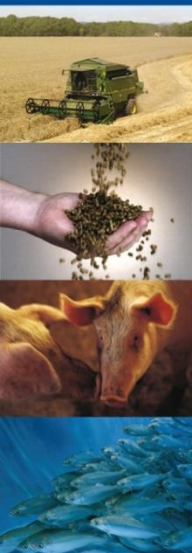


Focus on non-GM and organic feed markets

Christophe CALLU MERITE
12 July 2018

DG AGRI – EU Protein Plan workshop
Châlons sur Saône



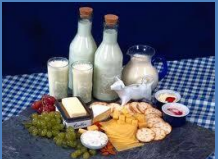
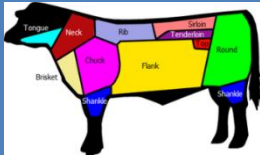



































Context for non GM feed market

- Growing demand for non-GM feed, mainly influenced by German retailer demand
- Absence of legal definition of « non-GM fed » animal products
- GM labelling covered by Regulation 1829/2003: labelling is mandatory, with a tolerance below 0.9% of GM presence per ingredient



Main drivers for non-GM feed demand

				
<p> 75%</p> <p> 60-80%</p> <p> 20%</p> <p> 90 %</p> <p> 100%</p> <p> < 10%</p> <p> 30%</p> <p> 100%</p> <p></p>	<p></p> <p> 60% increasing</p> <p> 90 %</p> <p></p> <p> 100%</p> <p></p>	<p> 40%</p> <p></p> <p> 100%</p> <p></p> <p> 90%</p> <p></p>	<p></p> <p> 100%</p> <p> 30%</p> <p> 100%</p> <p></p>	<p></p> <p> < 5%</p> <p> 90 %</p> <p> < 10% stable</p> <p> <5% increasing</p> <p></p>

Share of non-GM feed

- Poultry feed: <15%
- Porc feed: <5%
- Cattle feed (mainly dairy) between 10 and 15%



Non-GM market

- National standards and commercial standards co-exist.
- Influence of German standard (VLOG) on exporting countries
- No harmonization regarding feeding requirements
- No issue identified regarding compliance with the 0.9% threshold



Overview international legislation

Germany/France: rules for non-GM animal feeding

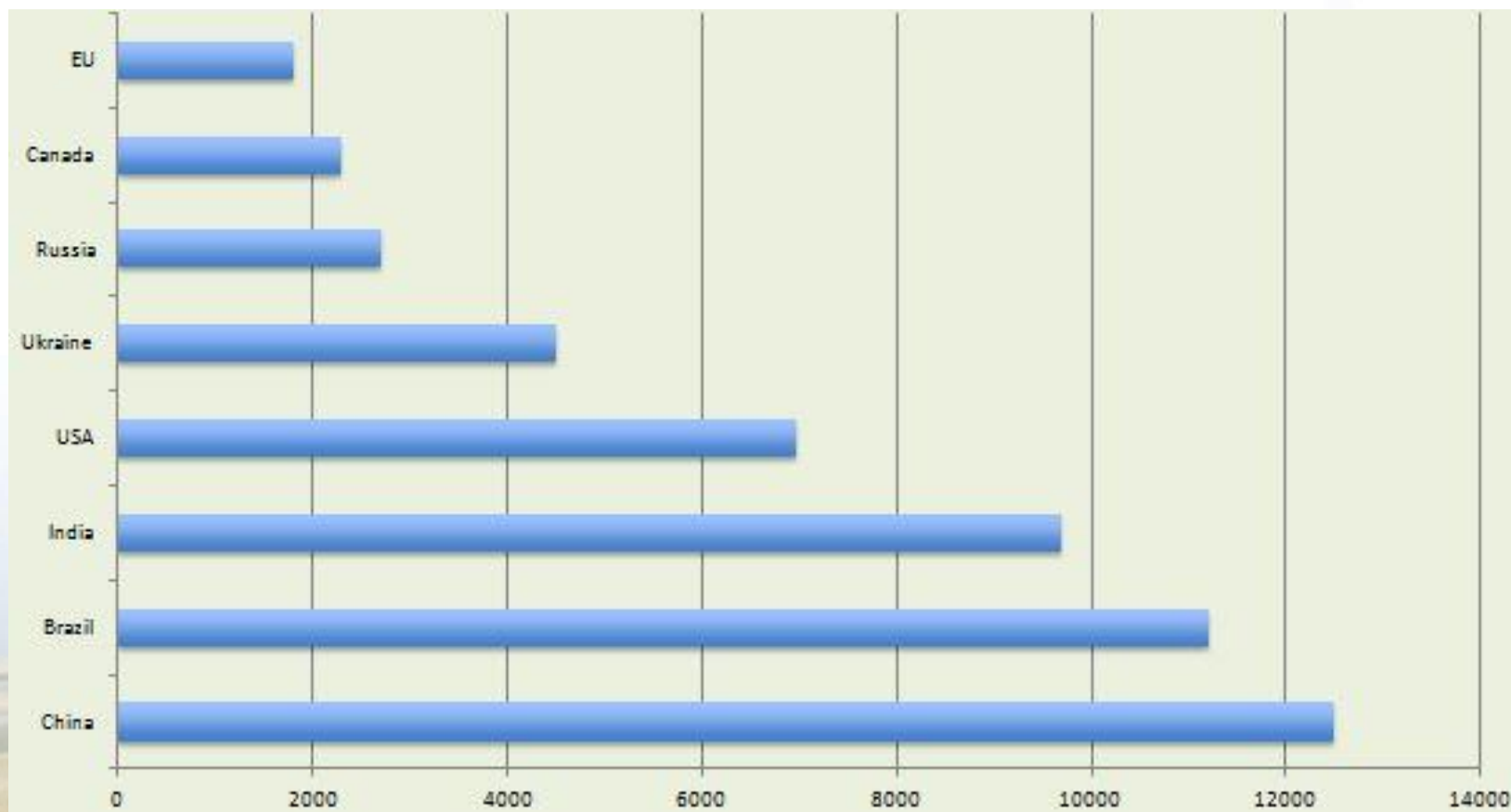
Germany

Animal Species	Period
Beef cattle Equids and cattle (including water buffaloes and bison species) for meat production	Twelve months and in any case at least three quarters of their life
Small ruminants	Six months
Pig meat	Four months
Milk animals	Three months
Broilers Broilers intended for meat production put in stables before the age of 3 days	Ten weeks
Layers Poultry for egg production	Six weeks

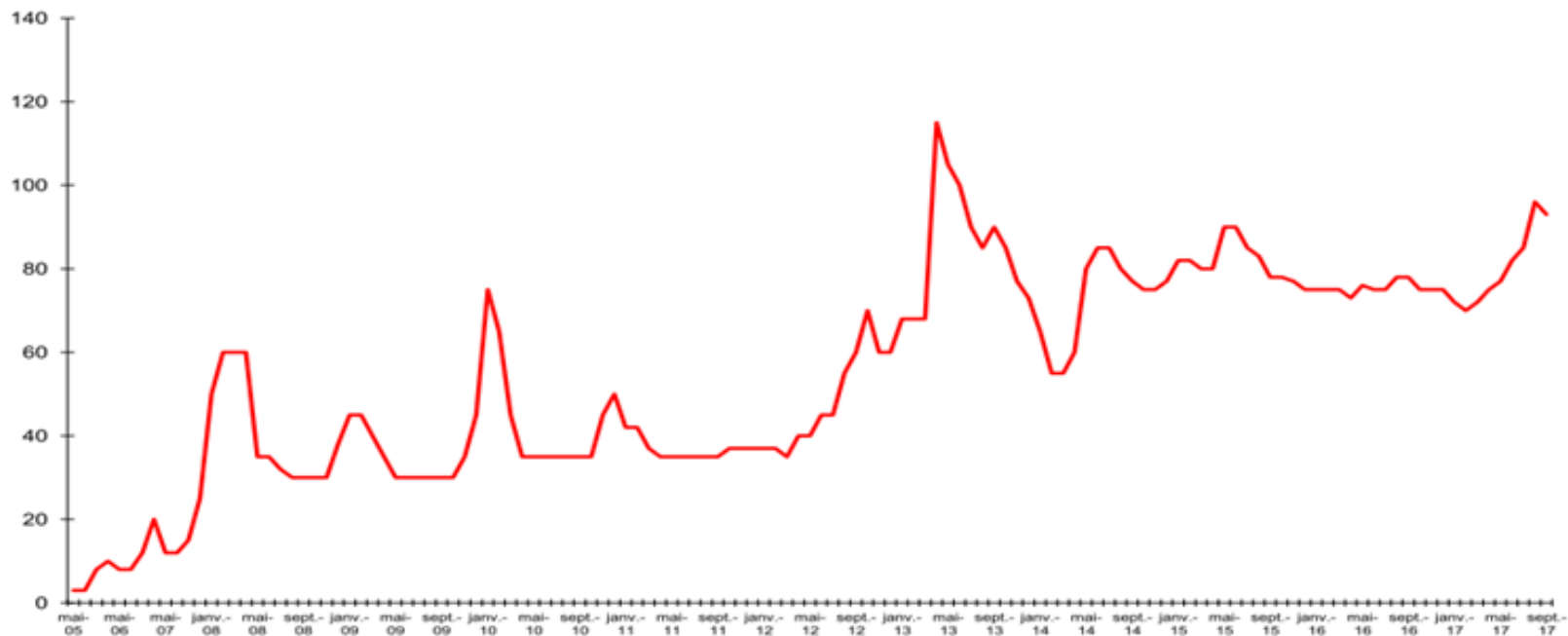
France

Animal Species	Period
Beef cattle	One year before slaughtering or $\frac{3}{4}$ life if slaughtering before 1 year old
Small ruminants	One year before slaughtering or $\frac{3}{4}$ life if slaughtering before 1 year old
Pig meat	One year before slaughtering or $\frac{3}{4}$ life if slaughtering before 1 year old
Milk animals	6 months before milk collecting
Broilers	3 days old chick
Layers	3 days old chick or 6 weeks before eggs production

Non-GM soy production



Non-GM premium



Hidden costs of non GM feed (non-GM premium for SBM excluded)

- Dedicated silos
- Sequencing
- Rinsing and cleaning
- Analysis
- Administrative costs
- ...
- Total : +25 to 30 € / tonne



Need to pass on the costs

- The feed industry needs to meet the demand of its customers.
- Non-GM costs (premium + hidden costs) should be passed on to downstream part of the chain.
- They are relatively small at consumer level in % of the price but incompatible with a low margin industry like the compound feed industry.

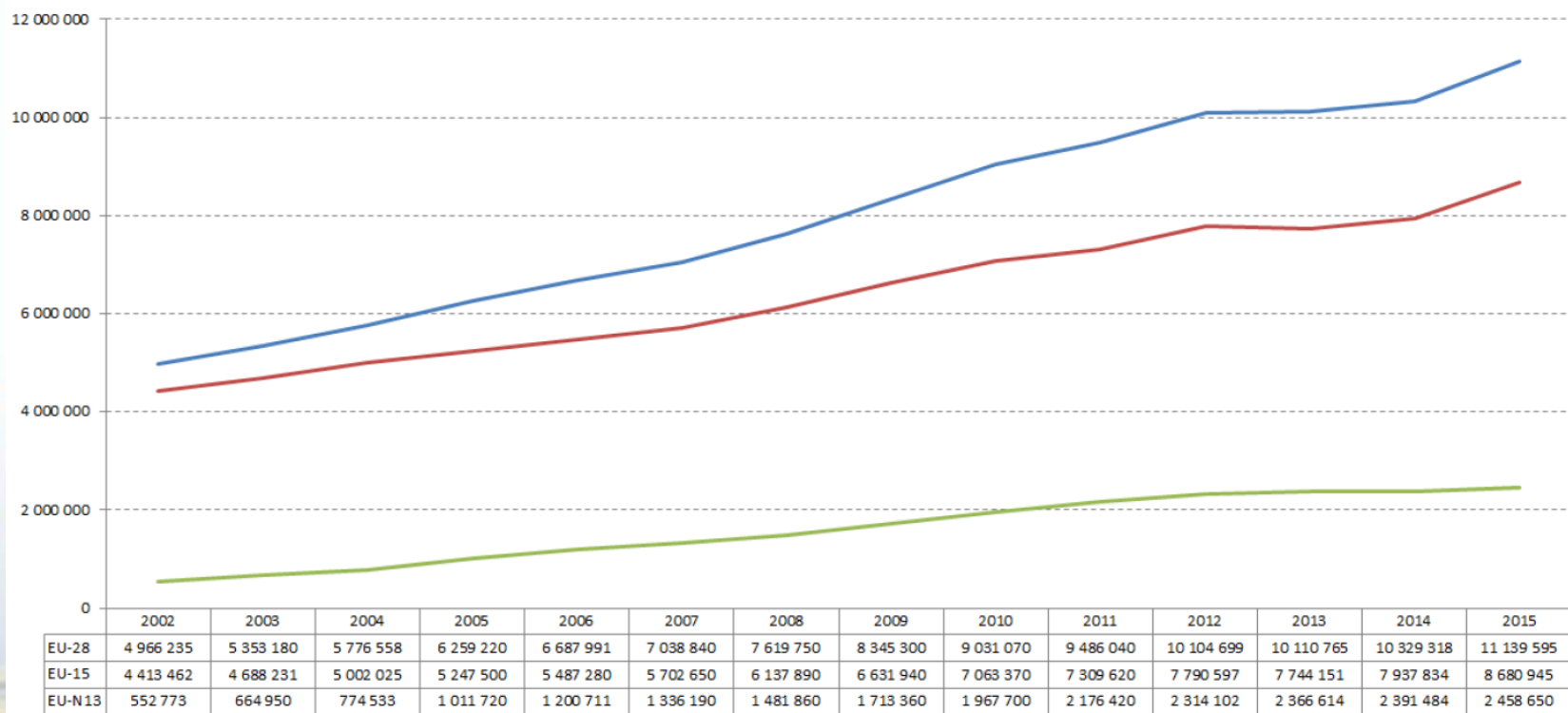


Non-GM feed market

- Harmonization of non-GM feed specifications is a pre-requisite for market growth
- Legal certainty must be improved
- Non-GM premium can help the growth of EU vegetable protein sources
- Availability of supply will be an issue if growth continues



Organic market is growing



Area under organic cultivation in the EU
(source: Eurostat)

Organic feed production and EU protein plan

- Availability of organic protein sources is a limiting factor (more than in conventional production)
- 5% derogation included in legislation
- Specific constraints for organic livestock farming
 - At least 30% of the feed should come from the farm (for pigs and poultry)
 - Use of synthetic amino-acids is forbidden
 - Less possibilities to optimize feed formulation
 - Excess of proteins leads to Nitrogen excretion

Conclusions on « niche » markets

- Opportunity for EU vegetable protein sources
- Niche can be an intermediate step towards mainstream supply
- Compound feed industry has a role to play in short supply chains
- Long term competitiveness should not be based on niche markets



Thank you for your attention

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