

# Focus on non-GM and organic feed markets

Christophe CALLU MERITE  
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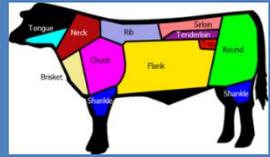


# Context for non GM feed market

- 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

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

# 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

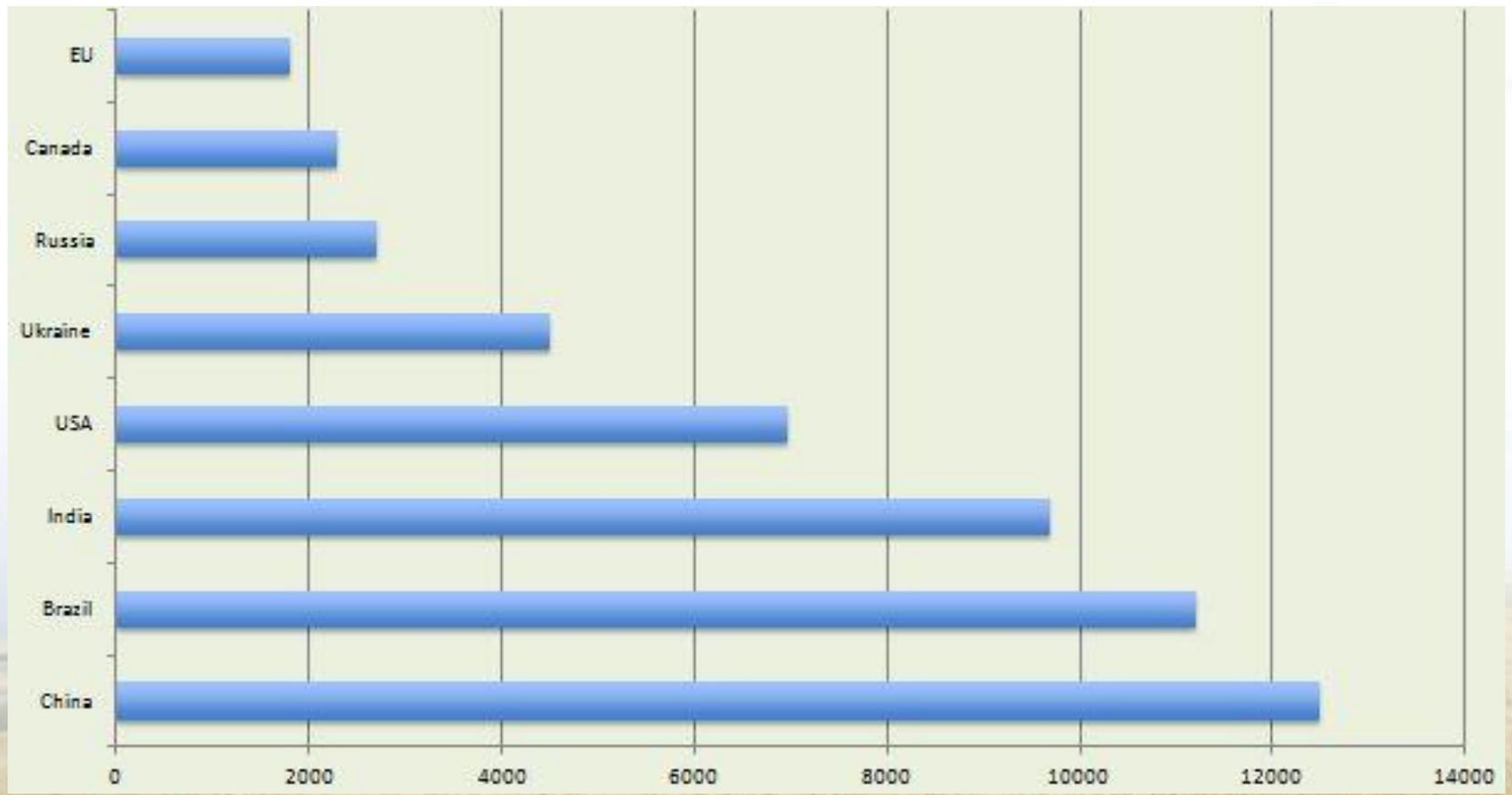
### Germany

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

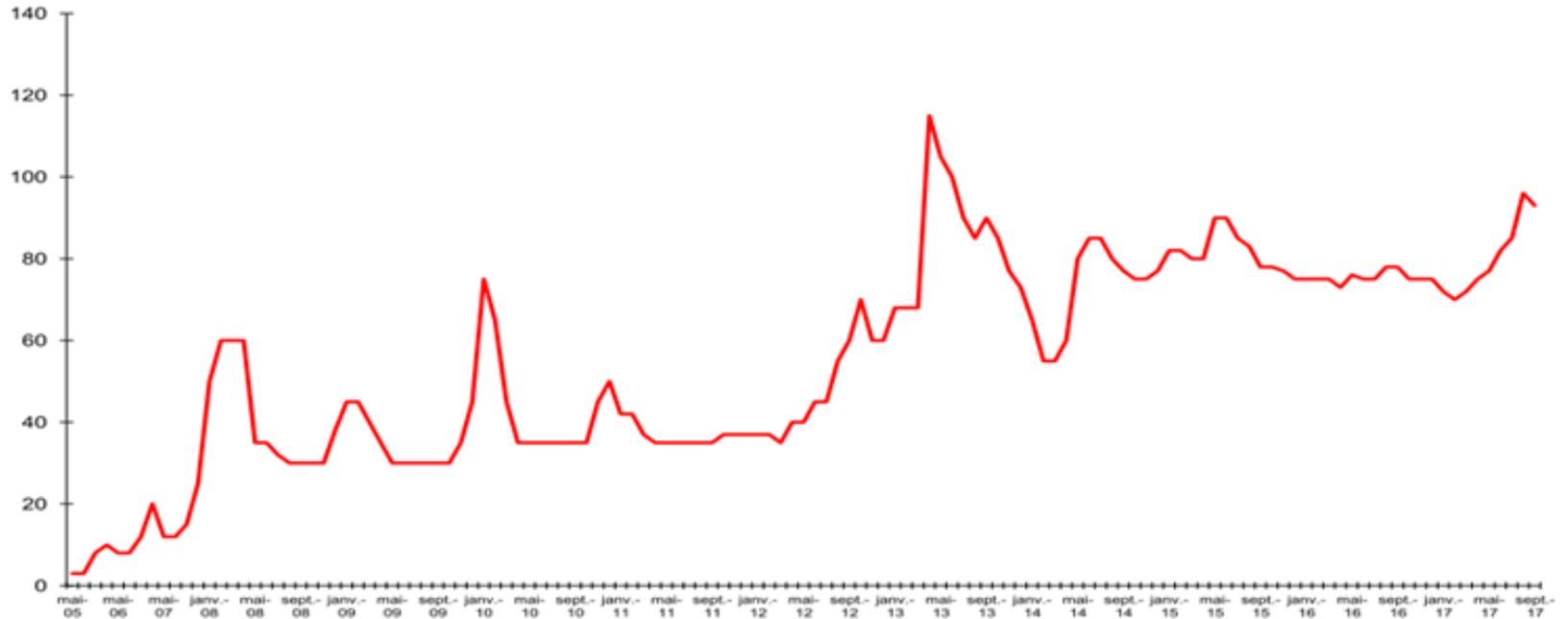
# Non-GM soy production





FEFAC

# 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.



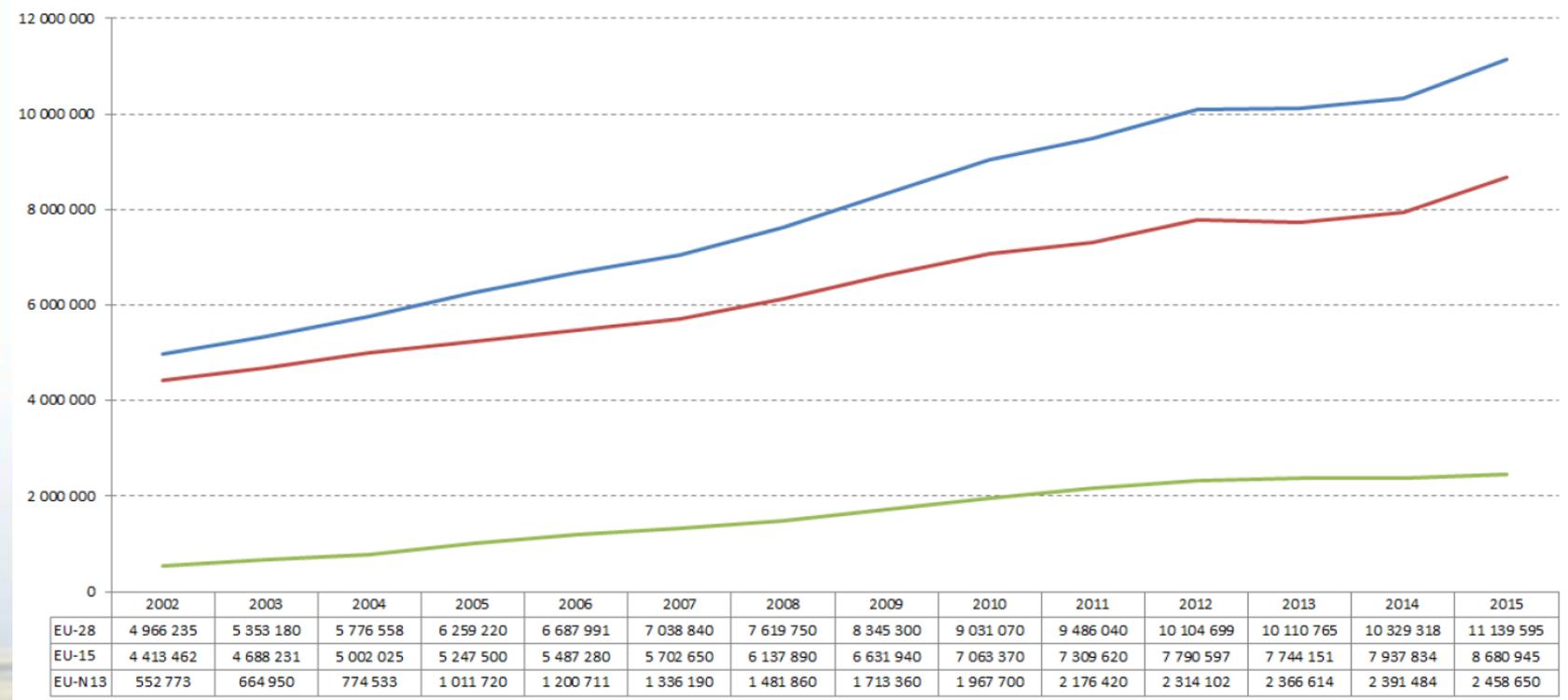
# Non-GM feed market

- 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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Fabricants d'Aliments Composés

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der Mischfutterindustrie

European Feed  
Manufacturers' Federation

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NewsFEED  
EU Feed Industry raises Profile Animal Nutrition in 2016  
XIVth FEFAC Congress in Antalya "Societal acceptance of livestock and feed production in the EU"  
FEFAC and its Turkish member association Türkiye-Bir will submit the annual [Circular Economy Package](#), taking place in Antalya, Turkey on 21-22 April 2016. The event will focus on the industry's policy approach the European Commission presented in the Circular Economy Package to discuss the roadmap towards a more resource-efficient food and feed chain management. Key note speakers from the EU institutions and feed & food chain partners will discuss the societal benefits of introducing new animal nutrition solutions, while safeguarding the high EU feed safety standards. Other dedicated sessions will discuss current developments in LCA methodology for environmental footprint calculations of feed production as well as soy value chain efforts and commitments in North- and South-America to produce and deliver responsible feed materials to the EU Feed Industry.  
FEFAC and FEANA will hold a first invitational joint high-level stakeholder EU Conference on "Innovation in Animal Nutrition" in Brussels on 6 June 2016. The two European feed industry organisations will present their visions of a modern industry where central roles are played by innovation and public-private partnerships, which are key to shaping a smart, resource efficient Europe and meeting the EU Commission objectives on jobs, growth and investment.  
The event aims at highlighting the need to foster the practical application of innovation in animal nutrition. FEFAC and FEANA members are convinced that animal nutrition can further assist the EU livestock sector in addressing major global challenges such as climate change and antimicrobial resistance if more efforts are made to tackle EU regulatory bottlenecks.  
A provisional draft programme of the "Innovation in Animal Nutrition" Conference on 6 June 2016 will follow shortly.  
156.1 Million Tonnes Compound Feed Produced in 2015  
Modest feed industry growth (0.2%) compared to 2014 - Market outlook 2016 pessimistic  
Compound feed production in the EU-28 reached an estimated level of 156.1 million tonnes in 2015, according to data provided by FEFAC members. This is a 0.2% increase compared to 2014. Feed costs remained low and even decreased compared to 2014, due to a good 2015 cereals harvest in the EU both in terms of quantity and variety status. In addition, there was a largely sufficient supply of oilseed meals globally, especially soybean meal. This compensated the still decreasing pigmeat quotations to a certain extent, at a time when pigmeat production continued to increase by close to 1% in 2015. FEFAC market experts share a more bullish outlook concerning industrial compound feed production in 2016, foreseeing a significant reduction in pig feed demand. See FEFAC's [press release](#) for a detailed analysis of the compound feed estimates of 2015 and a more in-depth market outlook for 2016.  
Circular Economy Package proposes Exclusion from Waste Legislation for Feed  
Olive meal and former foodstuffs clearly identified as non-waste  
On 2 December 2015, the European Commission published the long-awaited Circular Economy Package, which included

FEFAC also  
European Feed Manufacturers Federation  
Rue de la Loi 223 boîte 3  
B-1040 Brussels  
+32 2 285 00 50  
fefac@fefac.eu  
www.fefac.eu

www.fefac.eu