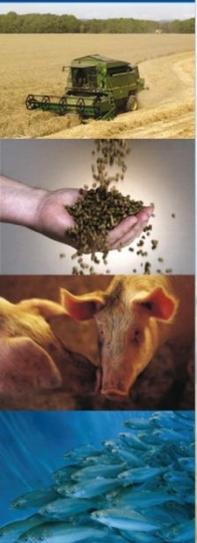


Opportunities and challenges of EU vegetable protein sources

Christophe CALLU MERITE

11 July 2018



FEFAC in a nutshell

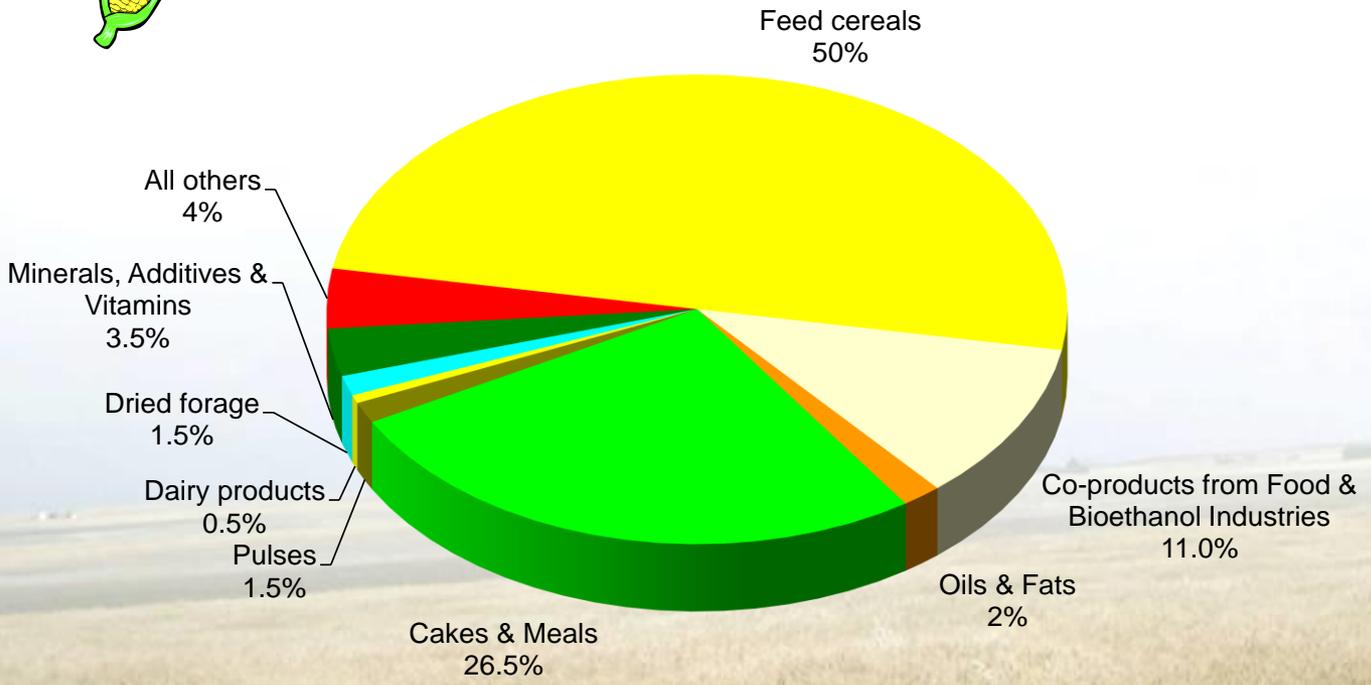
- Created in 1959
- Represents industrial compound feed and premixtures manufacturers
- Federation of national Member Associations
- 33 Members:
 - 24 Member Associations from 23 EU Member States
 - 2 Observer Members (Serbia, Russia)
 - 7 Associate Members (Turkey, Switzerland, Norway (3), EMFEMA, EFFPA)
- 158 mio. t of industrial compound feed in EU-28 in 2016
- 7 Technical Committees to assist the FEFAC Council



Feed material consumption by the EU-28 feed industry in 2016



Source: FEFAC

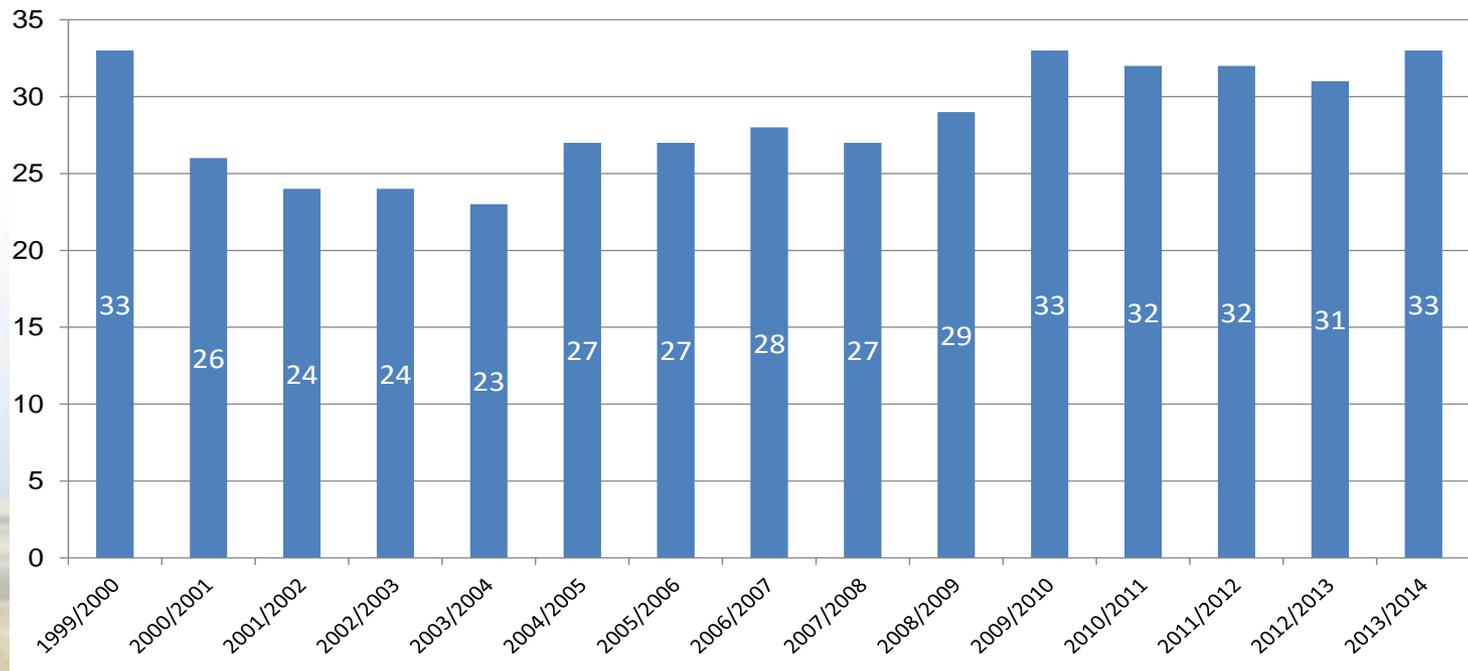




Evolution of EU protein supply self sufficiency (%)

« The old way »

Source FEFAC

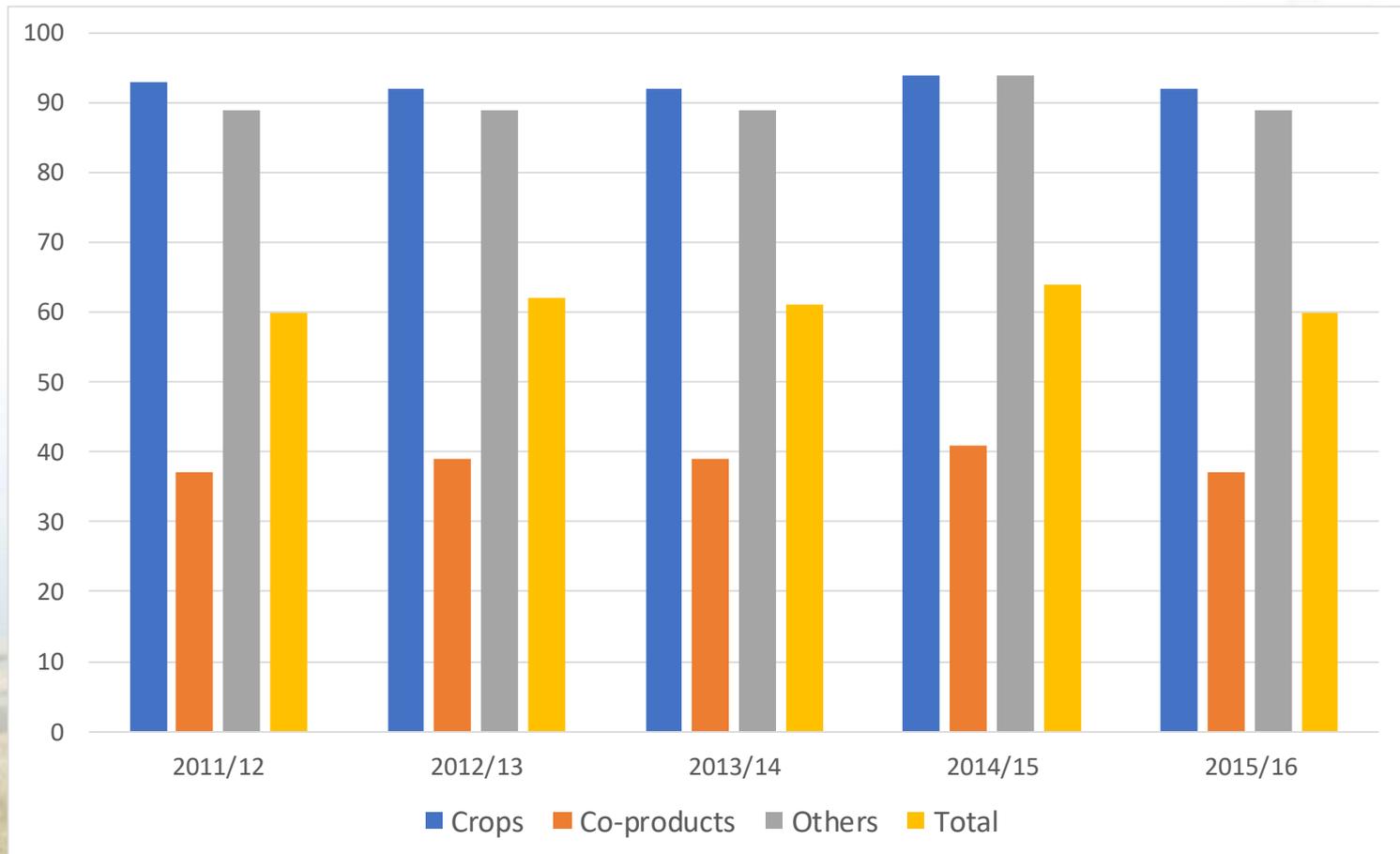




Evolution of EU protein supply self sufficiency (%)

« The new way »

Source DG AGRI

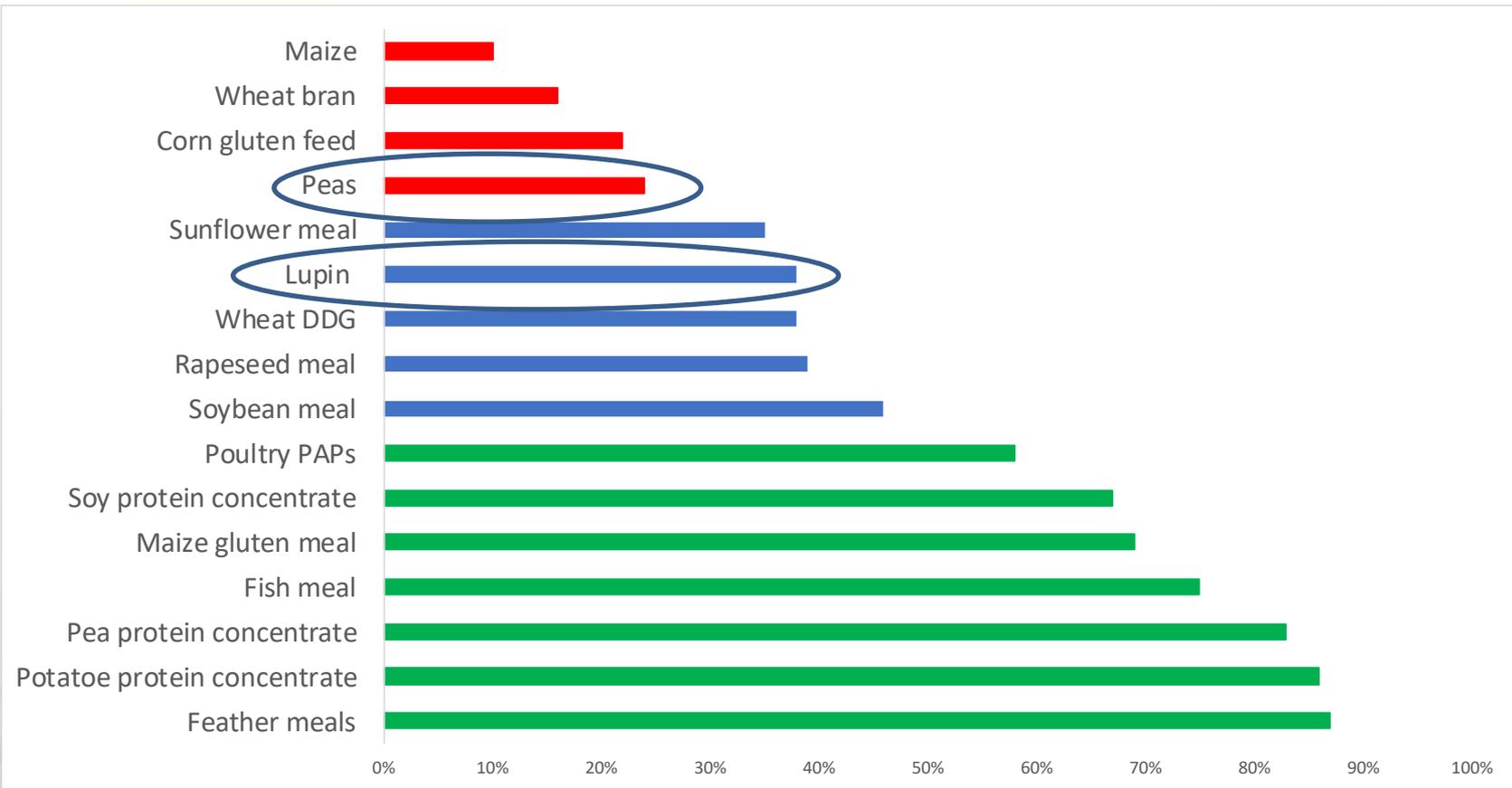


Strategic raw materials supply: FEFAC's perspective

- Need to meet the global growing demand for animal products
- Broad access to feed ingredients is a key factor of competitiveness
- Need to reduce pressure on human edible resources
- Need to reduce pressure on the environment
- Further increase of feed efficiency (feed conversion rate)
- Meet consumers expectations



Levels of crude proteins in different high protein feed materials (%DM)



Main criteria for purchasing feed ingredients (protein sources)

- **Feed and Food safety first**
- For the nutritionist/formulator :
 - well defined nutritional composition
 - amino acids profile and digestibility
 - absence of anti-nutritional factors



Main criteria for purchasing feed ingredients (protein sources)

- For the buyer
 - competitive price and conditions
 - possibility to hedge
- For the feed mill management
 - availability throughout the year
- Sustainability perspective
 - Integration in circular economy (feed and food complementarity)
 - Environmental performance



How do EU vegetable protein sources perform relative to these criteria ?

	Imported Soybean Meal= benchmark	EU Vegetable protein sources
Stable nutritional composition	YES	YES
Amino-acids profile and digestibility	Excellent	Vegetable meals: medium protein content Peas: « protein-rich cereal »
Absence of antinutritional factors	OK	OK for rapeseed (0-0) and sunflower meal Process can be a solution



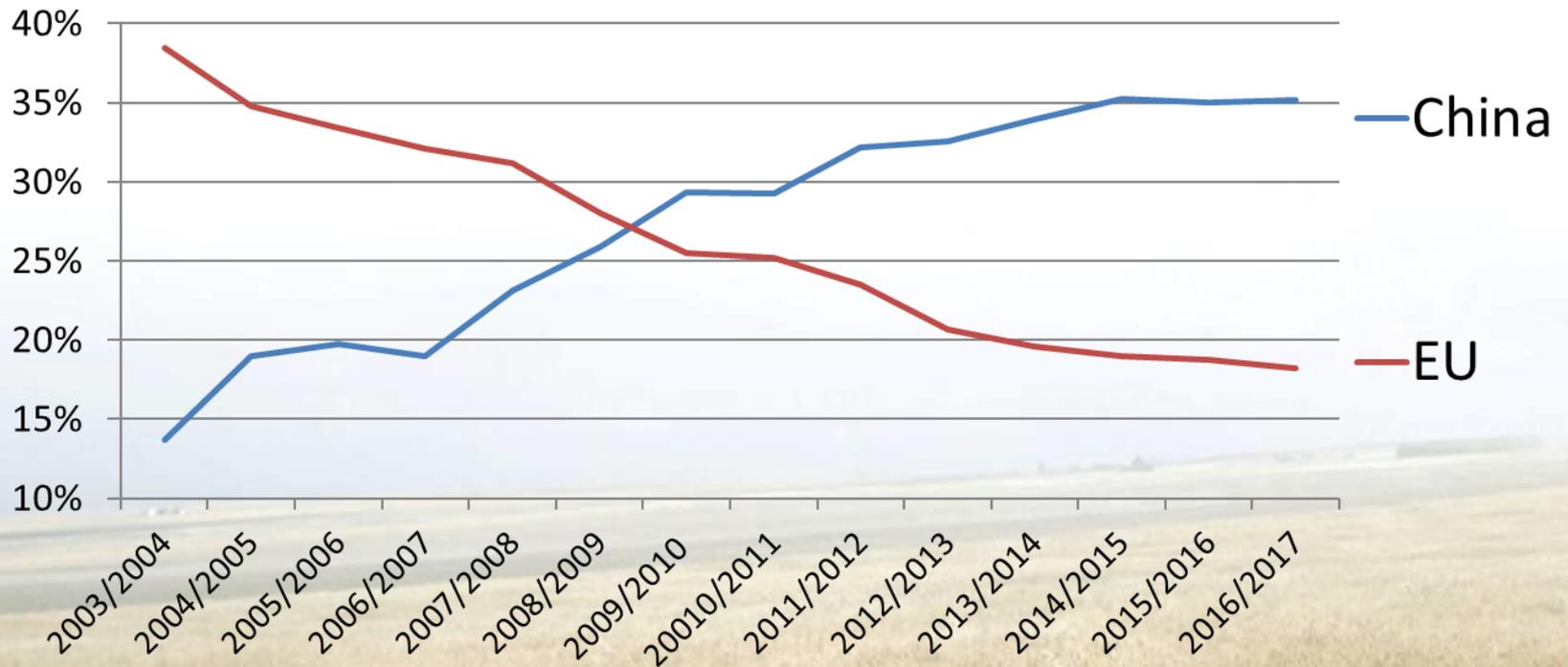
How do EU vegetable protein sources perform relative to these criteria ?

	Imported Soybean Meal= benchmark	EU Vegetable protein sources
Price competitiveness	Reference price	OK for biofuels co-products Other sources not competitive without price support
Possibility to hedge	Very good	Not really
Availability throughout the year	OK	OK for biofuels co-products Uncertainty for other sources
Sustainability	Deforestation as main challenge Well integrated in circular economy	(Biofuels) co-products well integrated in circular economy Land allocation to feed crops more and more difficult to justify



EU protein deficit: strategic perspective

Evolution of market share of global SBM equivalent imports (source:USDA)



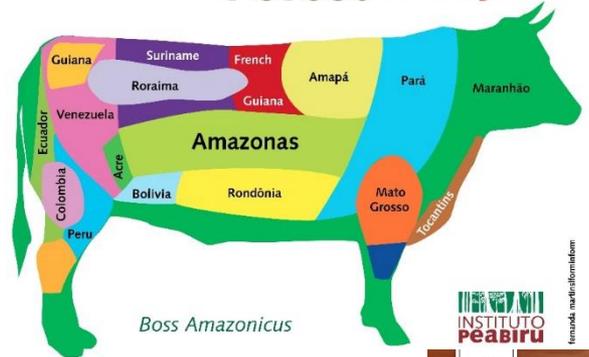
EU protein deficit: strategic aspects

- Deficit for concentrated sources of protein (EU protein balance sheet)
- Dependency from a limited number of supplying countries (USA, Brazil, Argentina)
- Any problem in one of these 3 countries has immediate consequences on global market
- Decreasing importance of EU as a customer: less control on supply

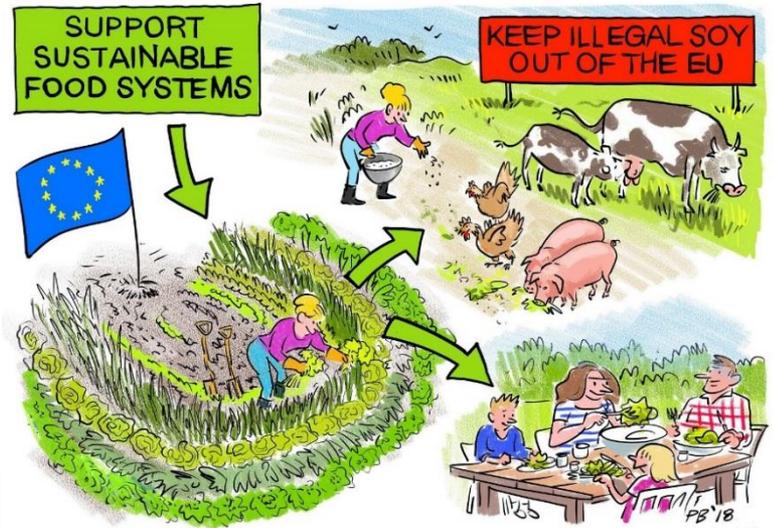


Soy & Deforestation

Have you eaten the Amazon Forest today?



INSTITUTO PEABIRU



SOY SCORECARD
Assessing the use of responsible soy in animal products

CHECK THE SCORES ANALYSIS RECOMMENDATIONS WHY A SCORECARD? METHODOLOGY

DO YOU REALLY KNOW WHAT'S BEHIND THE MEAT, EGGS AND CHEESE YOU EAT?

Most soy is grown in South America, where too often it comes at the expense of amazing natural ecosystems that are home to spectacular wildlife like jaguars and giant anteaters.

WWF has scored 133 companies on their use of responsible soy, grown without damaging the environment and harming people. The results show that many of these companies are doing far too little to protect irreplaceable habitats, wildlife, and people.

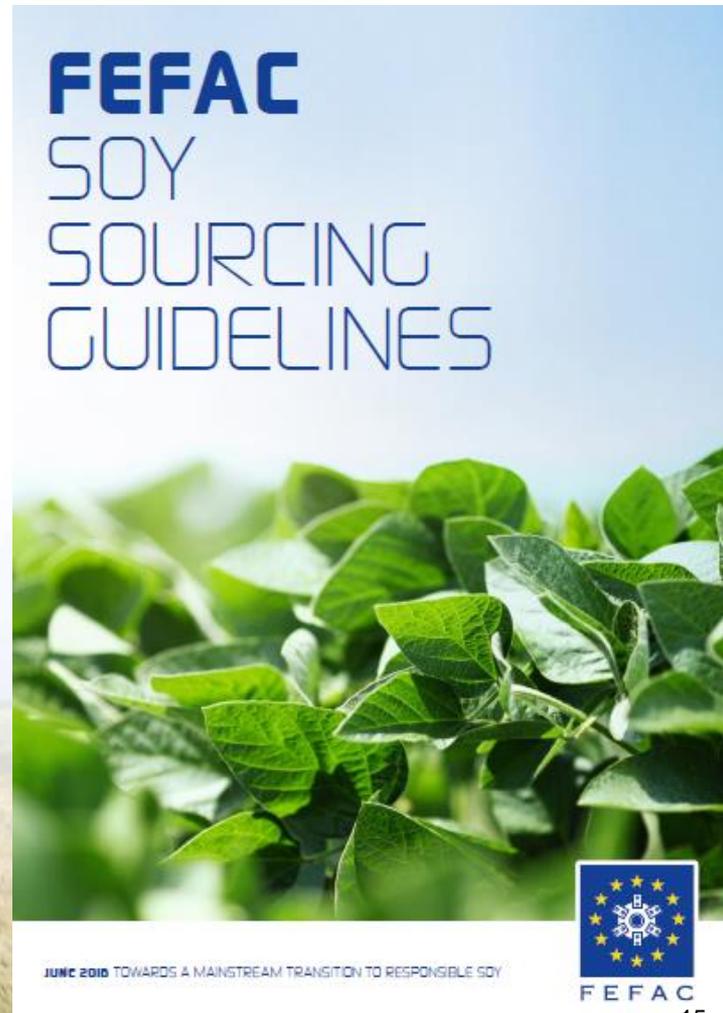
Take action!
for responsible soy

Check out how companies scored



Responsible soy

- 59 criteria on (i.a.) agricultural, environmental & social items
- Guidelines! Not a new standard!
- Benchmark for existing standards, performed independently by ITC
- Facilitate mainstream market transformation for responsible soy
- Commitment to sustainability at farm level in cooperation with soy farmer organisations



April 2018: 17 programmes meet FEFAC Soy Sourcing Guidelines

- 3 farmers programmes



- 5 company / trader



- 2 FEFAC member schemes



- 7 « other » programmes



Summary: Strengths and weaknesses of EU vegetable protein sources

> 0

- Contribution to reduction of EU protein deficit (strategic aspect)
- Positive environmental contribution (N-fixing crops)

< 0

- Lack of competitiveness without direct price support
- Need to allocate land resources in the most efficient way
- Useful to meet specific niche market demand

The feed and livestock industry rapidly reacts to the availability feed materials



To conclude

- Need for a comprehensive long term action plan
- New assessment tools to analyse policy impacts
- Include forage and grazing in the EU protein balance sheet
- Develop a regional supply and demand model
- Foster pre-competitive research in animal nutrition and plant breeding



THE FEFAC 2030 Animal Feed Industry Vision

Feed Safety Management

Animal Nutrition

Sustainability

FEED INDUSTRY ANIMAL FOOD CHAIN SOLUTIONS

**Feed safety management
capacity building**

**Preservation of animal health to reduce
need for antibiotics**

**Accommodate animal welfare
demands**

Facilitate responsible sourcing

**Increasing
nutrient efficiency**

**Risk management optimisation along
the feed chain**

**Develop new resource
efficiency indicators**

**Improve the quality & nutritional
value of food products**

**Co-operation between control authorities
& industry operators**

**Measure the environmental
performance of feed production**

Thank you for your attention

Stay informed on the feed industry via Twitter (@FEFAC_EU) & the FEFAC NewsFEED

FEFAC

Fédération Européenne des
Fabricants d'Aliments Composés

Europäischer Verband
der Mischfutterindustrie

European Feed
Manufacturers' Federation

TWEETS 552 FOLLOWING 283 FOLLOWERS 562 LIKES 67

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PRESS RELEASE: FEFAC Calls on @EU_Commission to Strengthen Competitiveness of EU Livestock & Feed Sector fefac.eu/files/66820.pdf



EU Feed Industry raises Profile
Animal Nutrition in 2016

XIV 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 holistic 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/FEFANA Conference "Innovation in Animal Nutrition" on 9 June 2016

FEFAC and FEFANA will hold a first invitational joint high-level stakeholder EU Conference on "Innovation in Animal Nutrition" in Brussels on 9 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 FEFANA 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 9 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

Oldfeed meals and former foodstuffs clearly identified as non-waste

On 2 December 2015, the European Commission published the long-awaited Circular Economy Package, which included

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