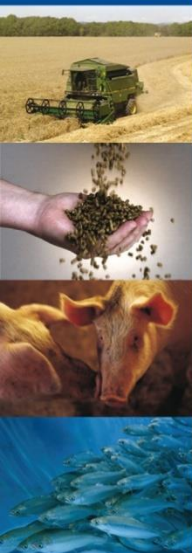


Market segments in the EU Protein Sector – the EU compound feed industry perspective

Karel van der Velden
18 September 2018



FEFAC in a nutshell

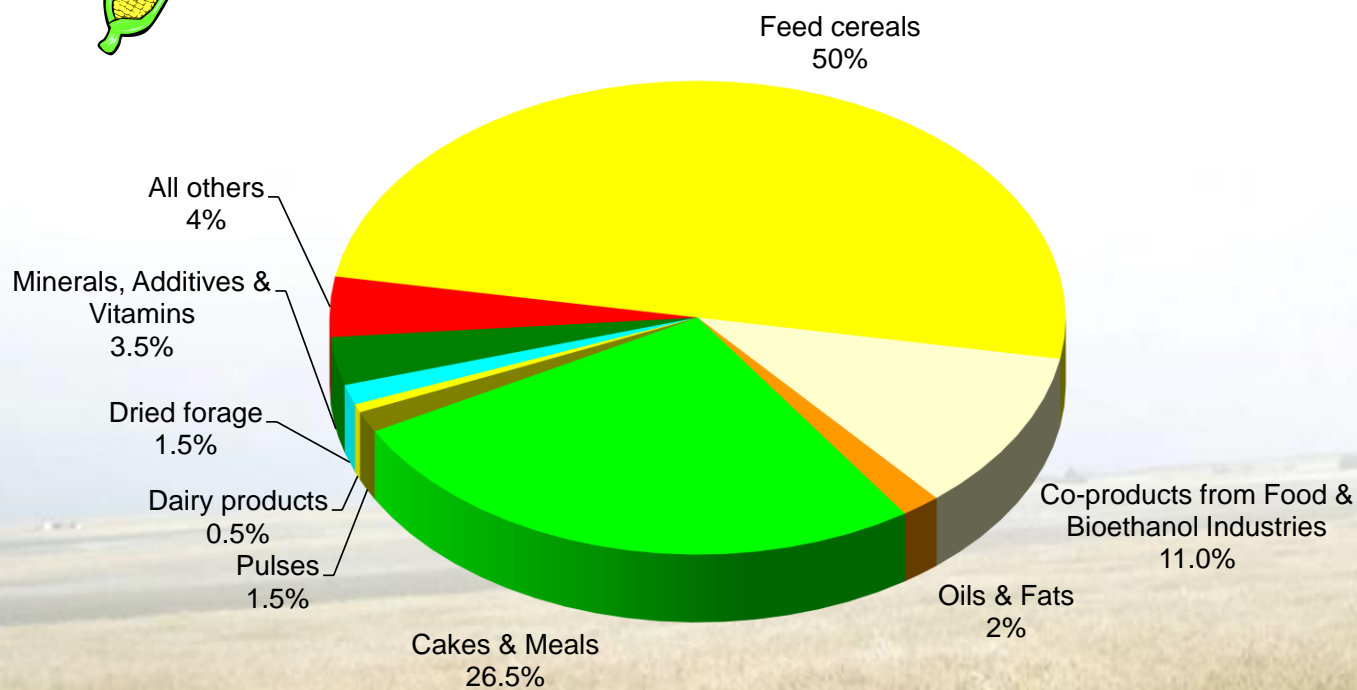
- Created in 1959
- Represents industrial compound feed and premixtures manufacturers
- Federation of national Member Associations
- 33 Members:
 - 24 Member Associations from 23 EU Member States
 - 2 Observer Members (Serbia, Russia)
 - 7 Associate Members (Turkey, Switzerland, Norway (3), EMFEMA, EFFPA)
- 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



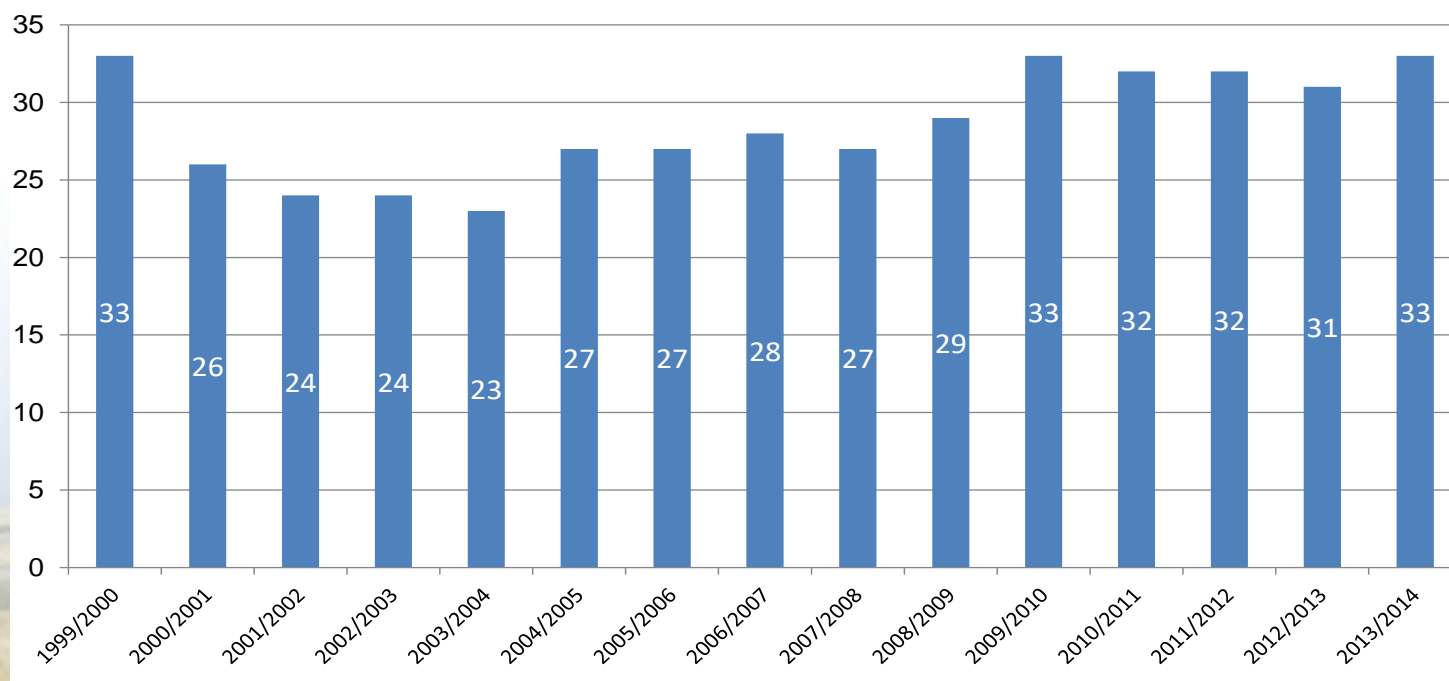
Source: FEFAC



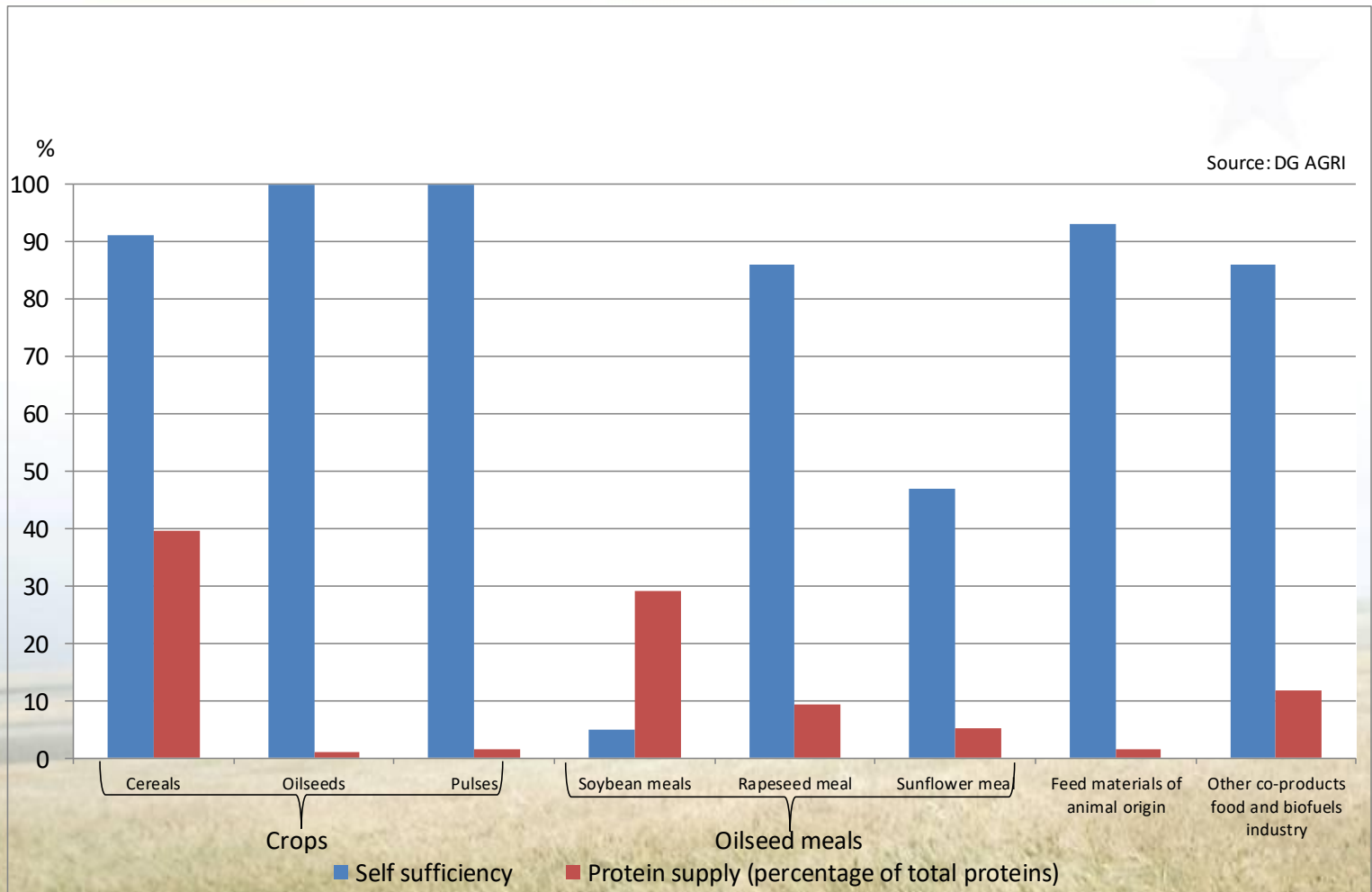
Evolution of EU protein supply self sufficiency (%)

« The old way »

Source FEFAC



The new way: Contribution of feed materials to protein supply and level of EU dependency in 2016/2017



EU protein balance sheet

- Fair and accurate description of EU protein supply
- Synergies between livestock and arable crops production
- Show link with EU policies (CAP, biofuels)
- Strategic dimension of protein supply
- Needs further work to capture contribution forages and pastures



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 of these 3 export countries has immediate consequences on global market
- Decreasing importance of EU as a customer: less control on supply



Development of EU protein sources

- Makes sense from a strategic perspective
- Can be useful to meet specific growing demand
 - Non-GM feed
 - Organic feed
 - Locally-produced feed
- However, intrinsic lack of competitiveness



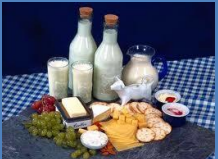
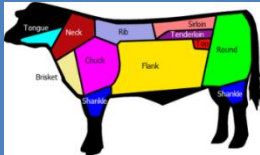























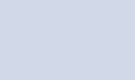











Context for non GM feed market

- Growing demand for non-GM feed in some countries, mainly influenced by German retailer demand
- Absence of legal definition of « non-GM fed » animal products claims at EU level
- 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> 10</p>	<p> 60% increasing</p> <p> 40%</p> <p> 90 %</p> <p> 100%</p> <p> 90%</p> <p> 10</p>	<p> 40%</p> <p> 100%</p> <p> 100%</p> <p> 30%</p> <p> 100%</p> <p> 10</p>	<p> 100%</p> <p> 100%</p> <p> 100%</p> <p> 100%</p> <p> 100%</p> <p> 10</p>	<p> < 5%</p> <p> 90 %</p> <p> < 10% stable</p> <p> <5% increasing</p> <p> 10</p>

EU market share of non-GM feed

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



Non-GM feed market

- Harmonization of « non-GM » feed specifications is a pre-requisite for internal market & future 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 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

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 via coupled payments
- 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
- FEFAC& EDA workshop on « non-Gm » feed and animal products claims (in planning)

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



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