THE DEVELOPMENT OF PLANT PROTEINS IN THE EUROPEAN UNION

OPPORTUNITIES AND CHALLENGES

Crops Market Observatory, 3 December 2018

Commission Report on „The Development of Plant Proteins in the European Union“

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Recalling the work programme on the protein report

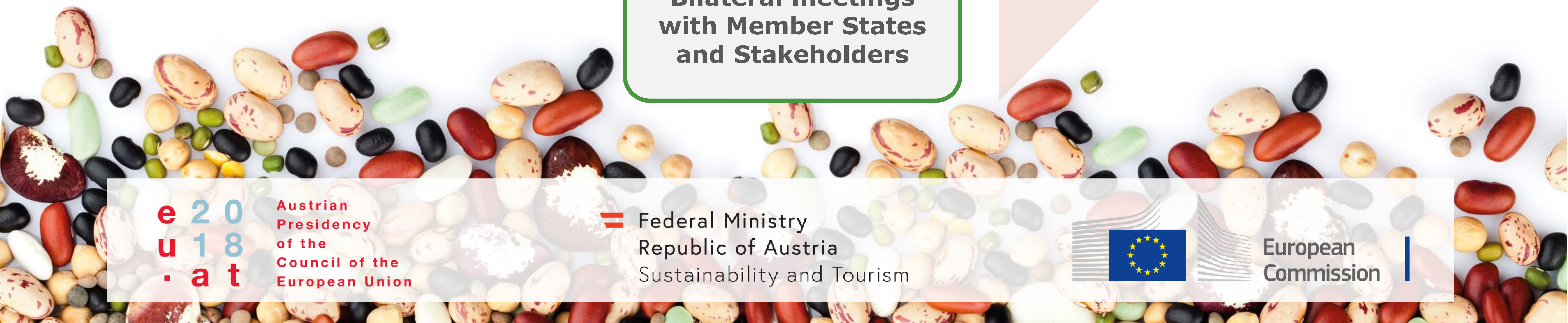
Externally contracted market study

Stakeholder survey with 444 replies from experts

4 Expert workshops
"Research and innovation" in Brussels
"Environment and agronomic practices" in Romania
"Supply chains" in France
"Market segments" in The Netherlands

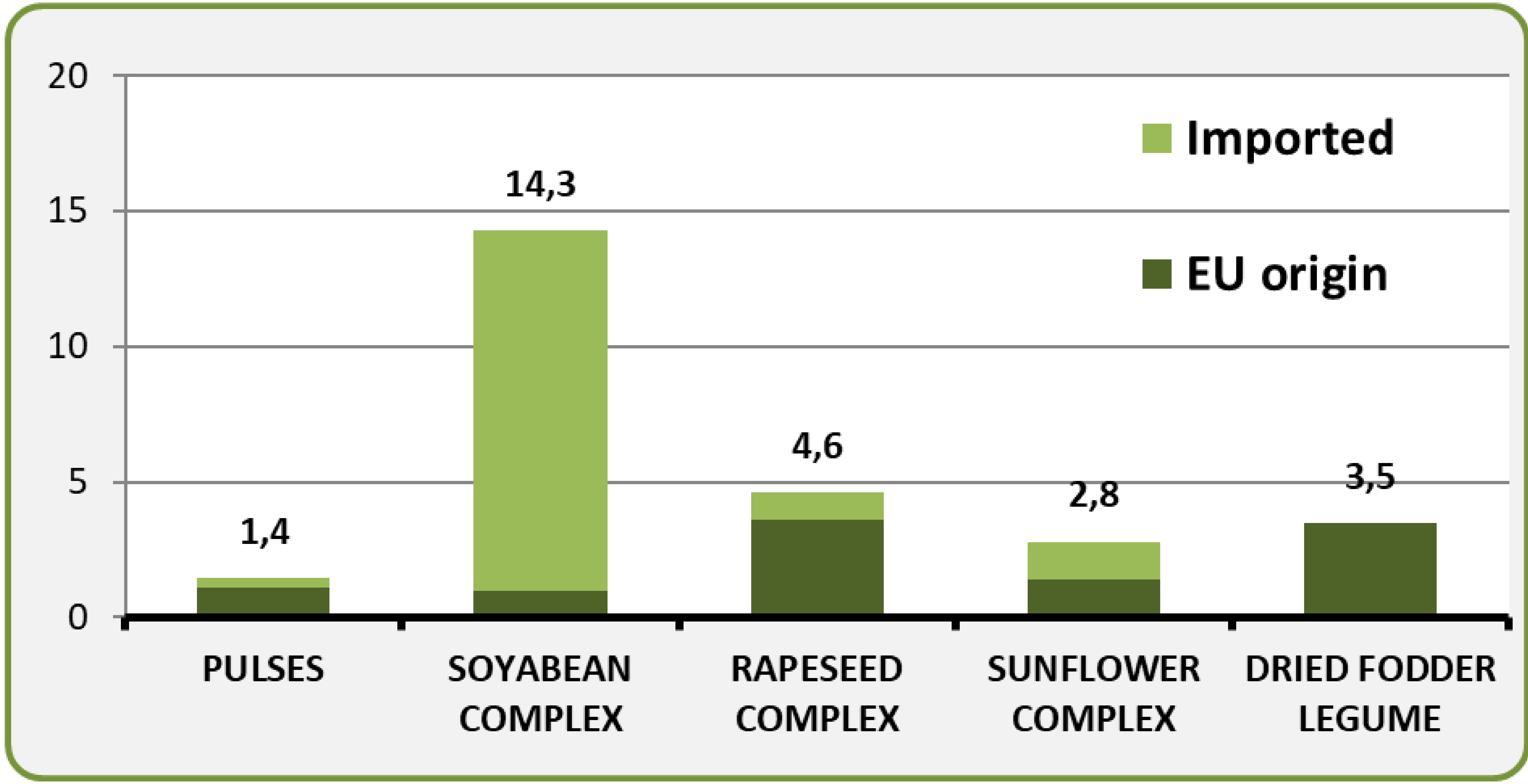
Commission report on plant proteins in the EU

Bilateral meetings with Member States and Stakeholders



EU use of protein and their sources

(in million tonnes of crude proteins 2016/17)



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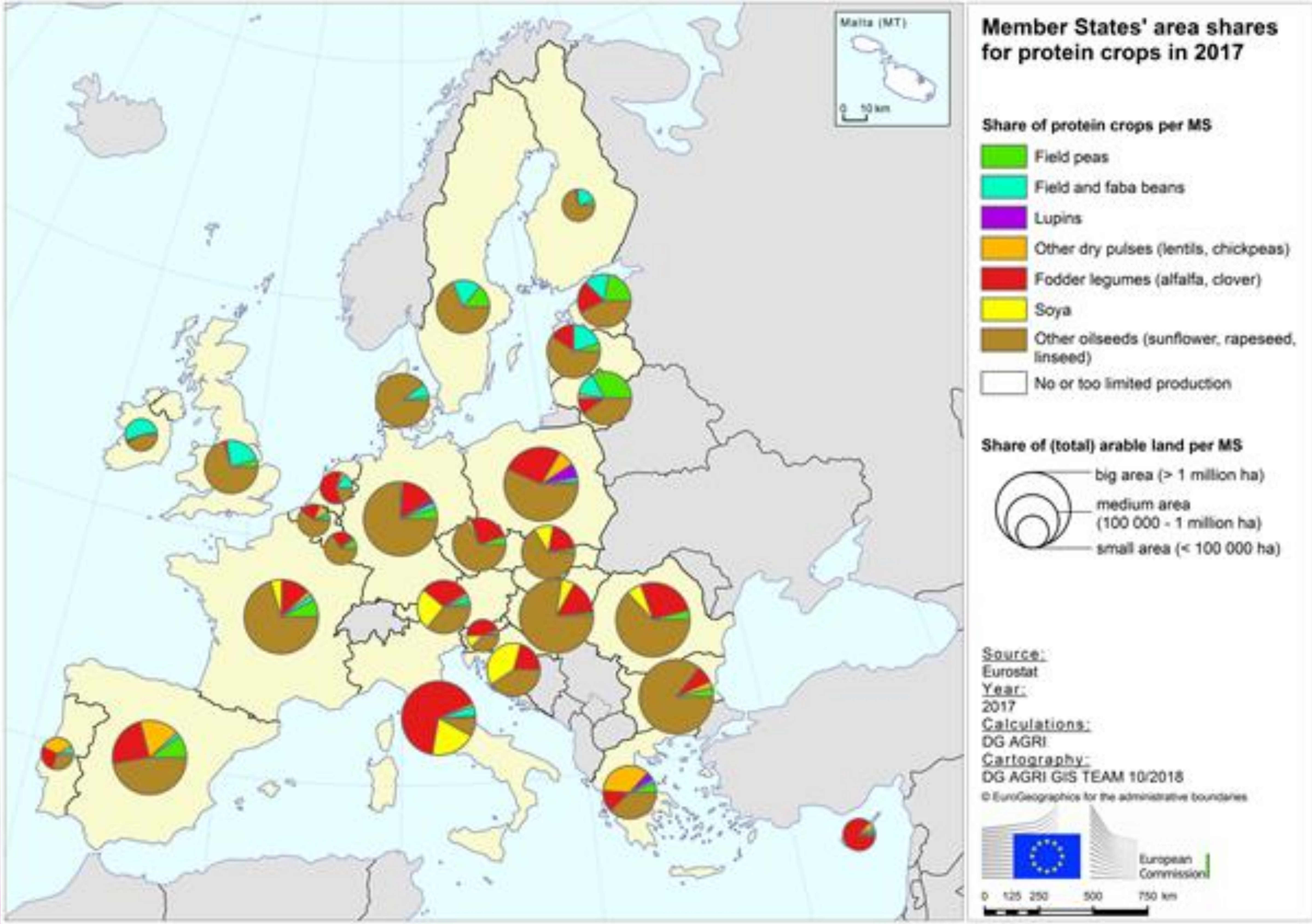
Area shares for protein crops in the EU



Three main market segments for plant proteins

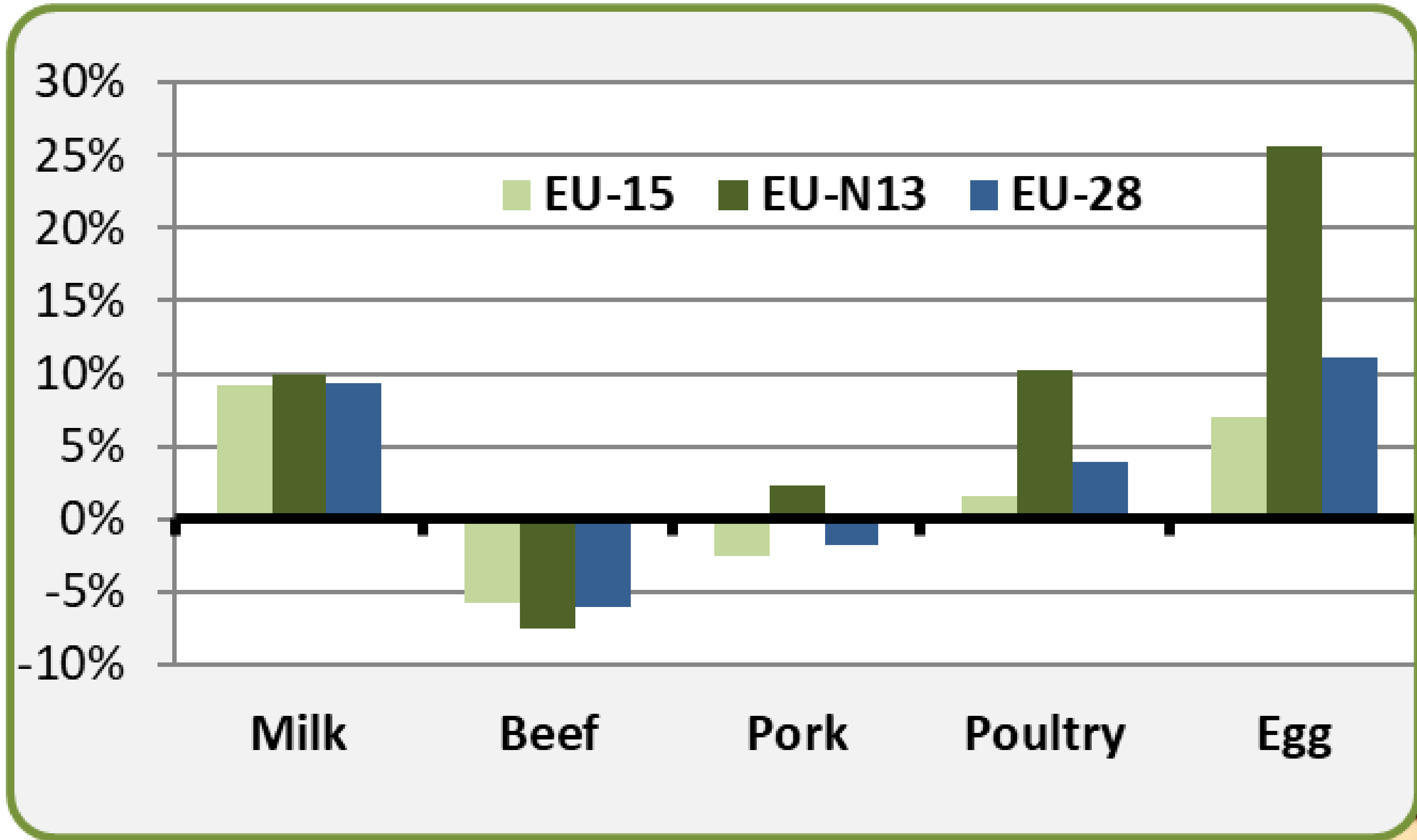
Conventional compound feed

Premium feed

Food

Conventional Compound Feed

- By far the largest outlet for plant proteins (more than 75%)
- Growth rates for compound feed will slow down, to 0,3% per year until 2030
- Higher growth rates for animal products in Eastern Europe
- Most dynamic sectors are feed for poultry and dairy
- Market mainly price driven
- **Limited prospects for EU-grown protein crops**



Premium Feed

- Share of **non-GM feed** is growing dynamically (2012 11% in EU, in 2018 ?)
- Also substantial growth rates in **organic production** of animal products, on average 10%
- Shares of organic dairy production surpass 10% in some Member States
- **Main features**: growing demand for sustainably produced animal products, labelling new regional supply chains but also possibility to use of existing supply chains, sourcing issues/year-round availability not ensured

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Premium feed: the example of Austria

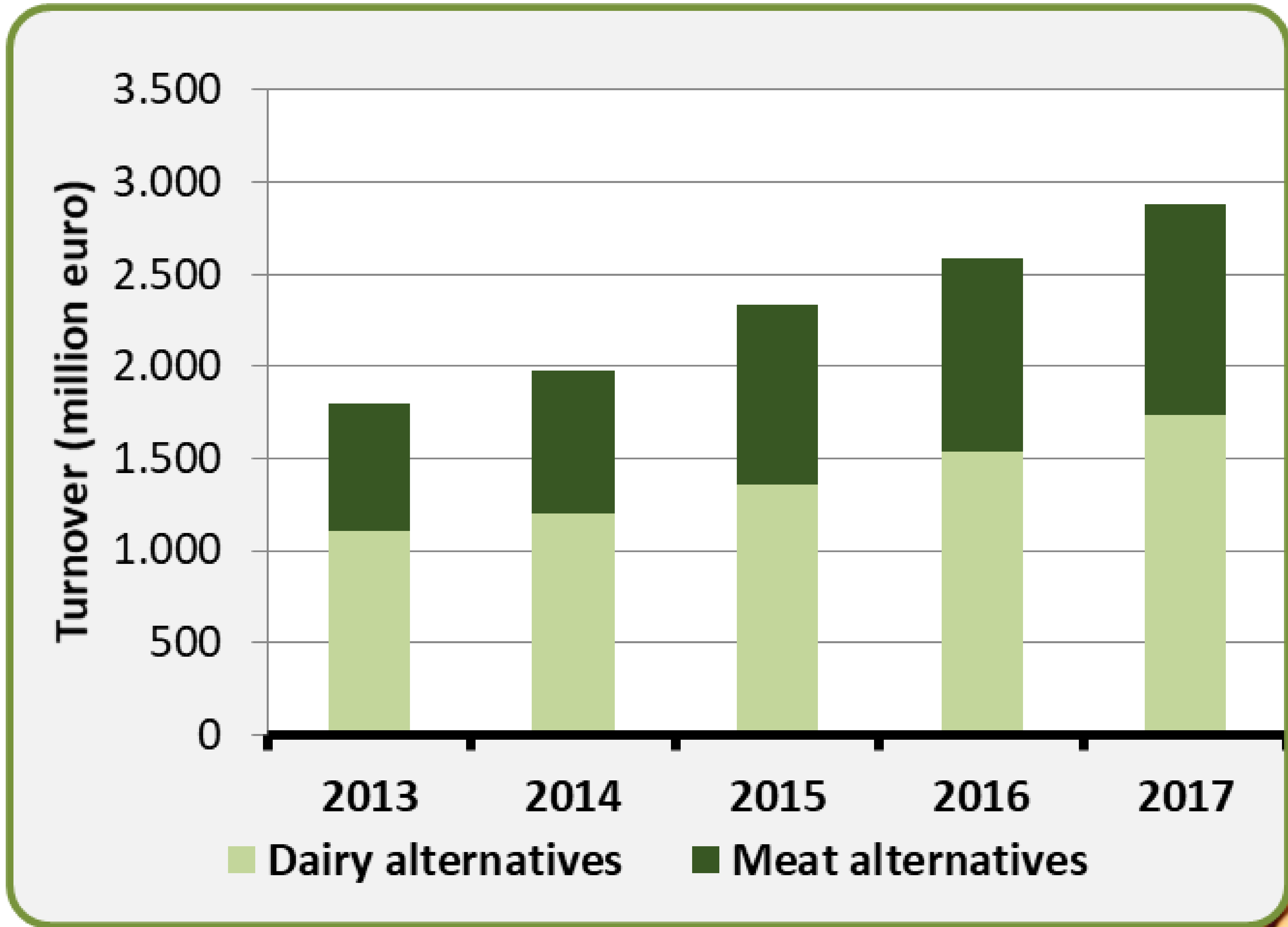
Case study:

- Situation estimated for 2018 for feed used in different animal sectors
- Austria among top users of premium feed
- **Will other Member States follow a similar trend?**

SEGMENT	ORGANIC	GM-FREE
Cattle	21% of cattle	-
Dairy	15% of milk	100% of milk
Laying hens	12% of laying hens	~80-90% of eggs
Broiler poultry	10% of broiler poultry	~100% of chicken
Pig	2% of pigs	8% of pigs
Soya food	-	100%

Food segment

- Small market with promising prospects: e.g. **dairy and meat alternatives** 11% and 14% per year
- **Pulse-rich diets** become more popular through changing diets (in some Member States)
- The different outlets still status of **niche markets**
- Interest of major food companies and retailers
- Trend driven by flexitarians
- **High profit margins** but need to further build supply chains



Agronomic, environmental and climate benefits of legumes

Benefits:

- Fertilising effect in crop rotation
- Increase yields of following crops
- Improve soil condition
- Break pest cycles
- Positive effects on biodiversity

Challenges:

- Yield variability and yield gaps
- Relatively demanding on agronomic practices (pest and weed control)
- Low agronomic expertise
- Environmental benefits not automatic

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Policy instruments and initiatives today

- Main **CAP instruments** supporting protein plants:
  Greening: 27 Member States allow legumes on EFA area
  Rural development programmes with AECM
- VCS: 16 Member States use VCS in 2019
  Research: EIP-AGRI (14 programmes) & Horizon2020 (4 programmes)
- In addition **Member State initiatives**, e.g. national plans in Germany, France and Poland
- National Policy initiatives closely linked to protein, e.g. Dutch Food Policy and Danish National Bioeconomy Panel
- **European Soya Declaration**

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Conclusions

Main drivers for future development of EU-grown plant proteins:

- Relative competitiveness versus other crops and non-EU plant proteins
- Supply chain development and producer organisations
- Recognition of legume's contribution to environmental and climate targets
- Evolving consumer behaviour and preferences
- Influence of other policies and debates in society (deforestation, SDGs, Renewable Energy Directive, European Bioeconomy Strategy)

Way forward

Five options for further action:

- Use opportunities in proposed future CAP: support Member States in integrating them in strategic plans
- Continue to boost competitiveness through Research and Innovation
- Improve market analysis and transparency
- Promote benefits of plant protein for nutrition, climate and environment
- Increase sharing of knowledge/best practice

Improve market analysis and transparency

- Update and further improve quality of the Protein Balance Sheet, possibly integrate in short-term outlook
- Discussion with Member States on data availability, updating reporting systems, link with market transparency initiative
- Discussion with stakeholders on data availability, workshop on the topic
- Analysis of Market Study results as regards findings on market information
- Role of Crops Market Observatory, regular and in-depth discussion on protein sector

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