STARCH EUROPE

Civil Dialogue Group on starch

20 October 2022

STARCHEUROPE
PLANT-BASED SOLUTIONS

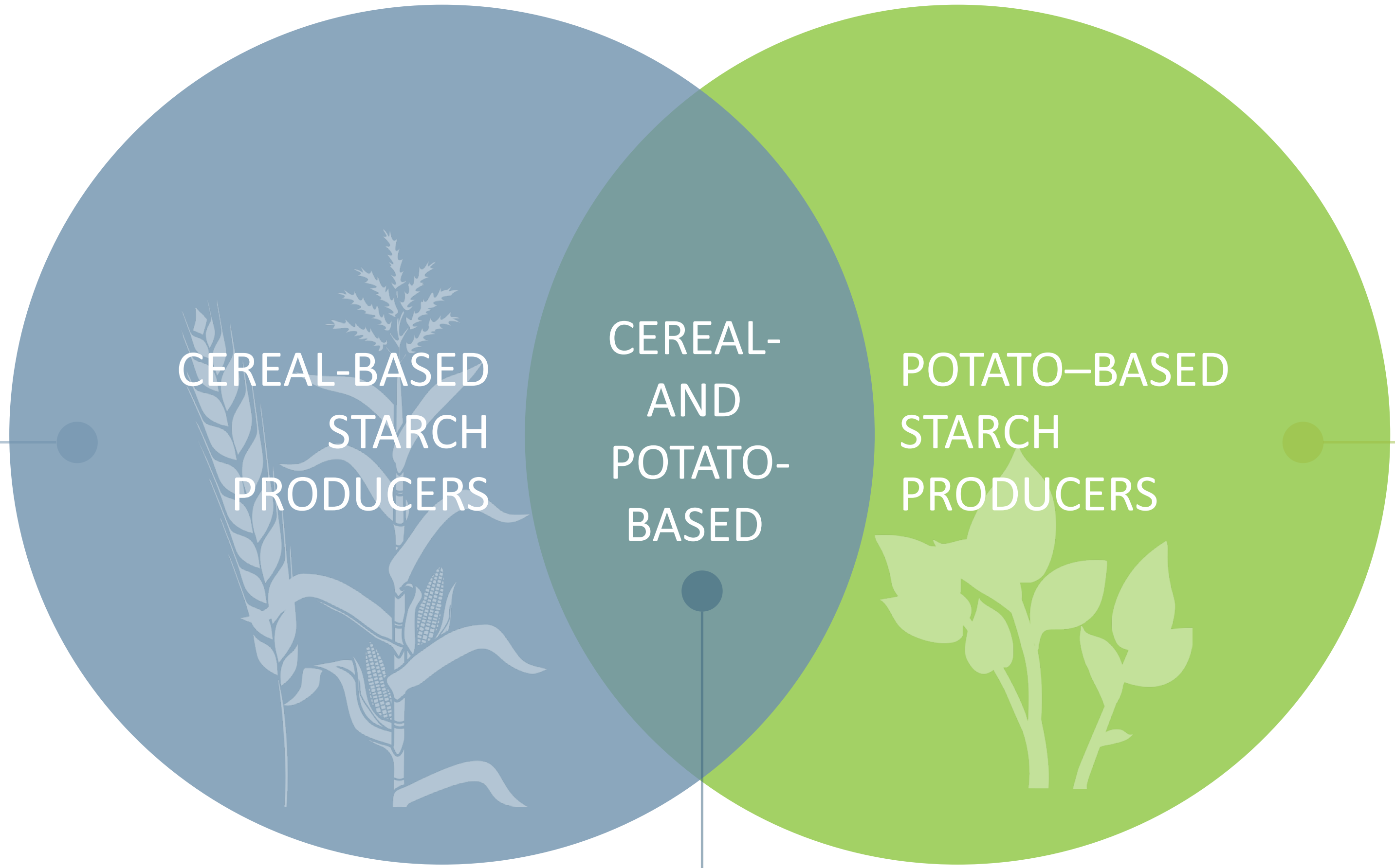
STARCH EUROPE MEMBERS

ADM
AGRANA
AKV
ALLSTARCH
ANORA
Avebe
AWW
beneo connecting nutrition and health
Cargill
COPAM
CRESPEL & DEITERS GROUP
EMSLAND GROUP using nature to create
Finnamyl
HUNGRANA
Ingredion
JÄCKERING
KMC LET'S TAKE FOOD
KRÖNER STÄRKE ... the power of nature!
Lantmännen Reppe
Lyckeby
Novidon Sustainable starch solutions
ROQUETTE Offering the best of nature
Sacchetto
SEDAMYL Naturally reliable
SÜDSTÄRKE
TATE & LYLE
Tereos
viresol WE CREATE ESSENTIALS

FEDERCHIMICA AISPEC
TTY
humaiz
usipa Toute l'énergie de l'amidon
VGMS Verband der Getreide-, Mühlen- und Stärkewirtschaft VGMS e.V.
VNG/VNFG

STARCH EUROPE MEMBERS (BY RAW MATERIAL)

ADM »
Anora »
Beneo-Remy »
Cargill »
Copam »
Crepel & Deiters »
Grupa AWW »
Hungrana »
Interstarch »
Kröner Stärke »
Lantmännen Reppe »
Ingredion »
Jäckering »
Sacchetto »
Sedamyl »
Tate & Lyle »
Viresol »



AKV Langholt »
Avebe Group »
Emsland-Stärke
Finnamyl »
Kartoffelmelcentralen »
Novidon »
Skrobarny Pelhrimov »
Südstärke »
Sveriges Stärkelseproducenter Förening »

Agrana Stärke »
Roquette Frères »
Tereos »

EUROPEAN STARCH INDUSTRY FIGURES

70 PLANTS – EU 27

25M TONNES
EU 27

16.000
JOBS – EU 27

60.000 FARMERS

5M Tonnes
Native & Modified Starches

6M Tonnes
Starch Derivatives

> 5M Tonnes
Proteins & Fibres

FOOD
> 6M Tonnes

FEED
5M Tonnes

NON-FOOD
> 4.5M Tonnes

FUEL
< 0.5M Tonnes

MAIN PRODUCTION IN THE EU 2021

PROCESSED RAW MATERIALS

36% WHEAT

31% MAIZE

33% POTATOES

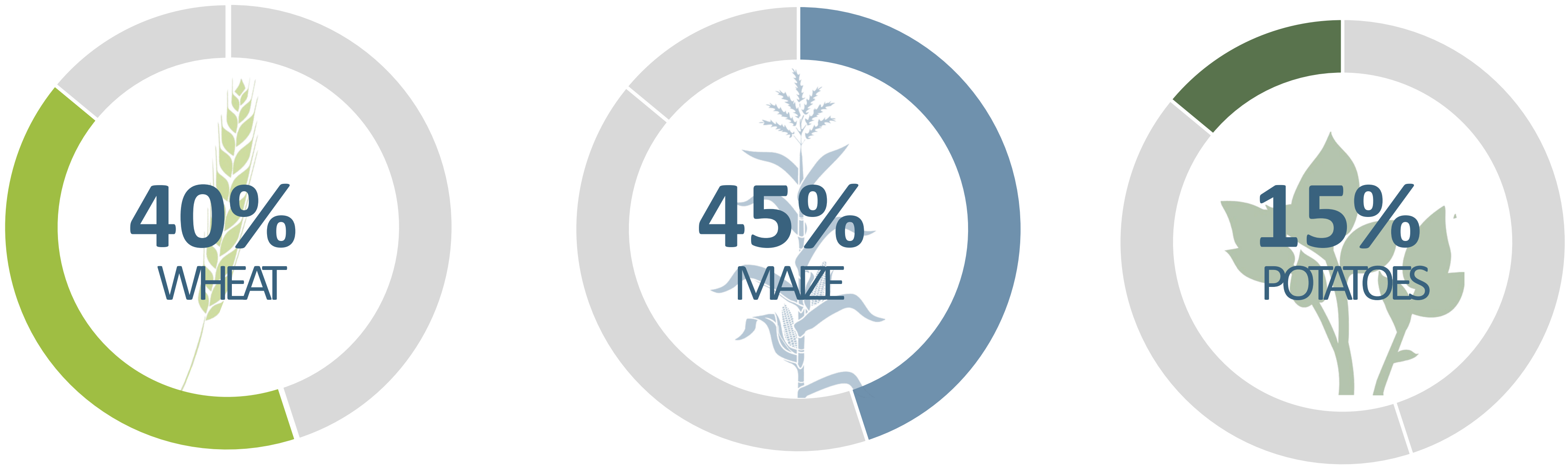
25M TONNES

EU RAW MATERIALS

EU 27

MAIN PRODUCTION IN EU (2021)

STARCH PRODUCTS IN STARCH EQUIVALENT

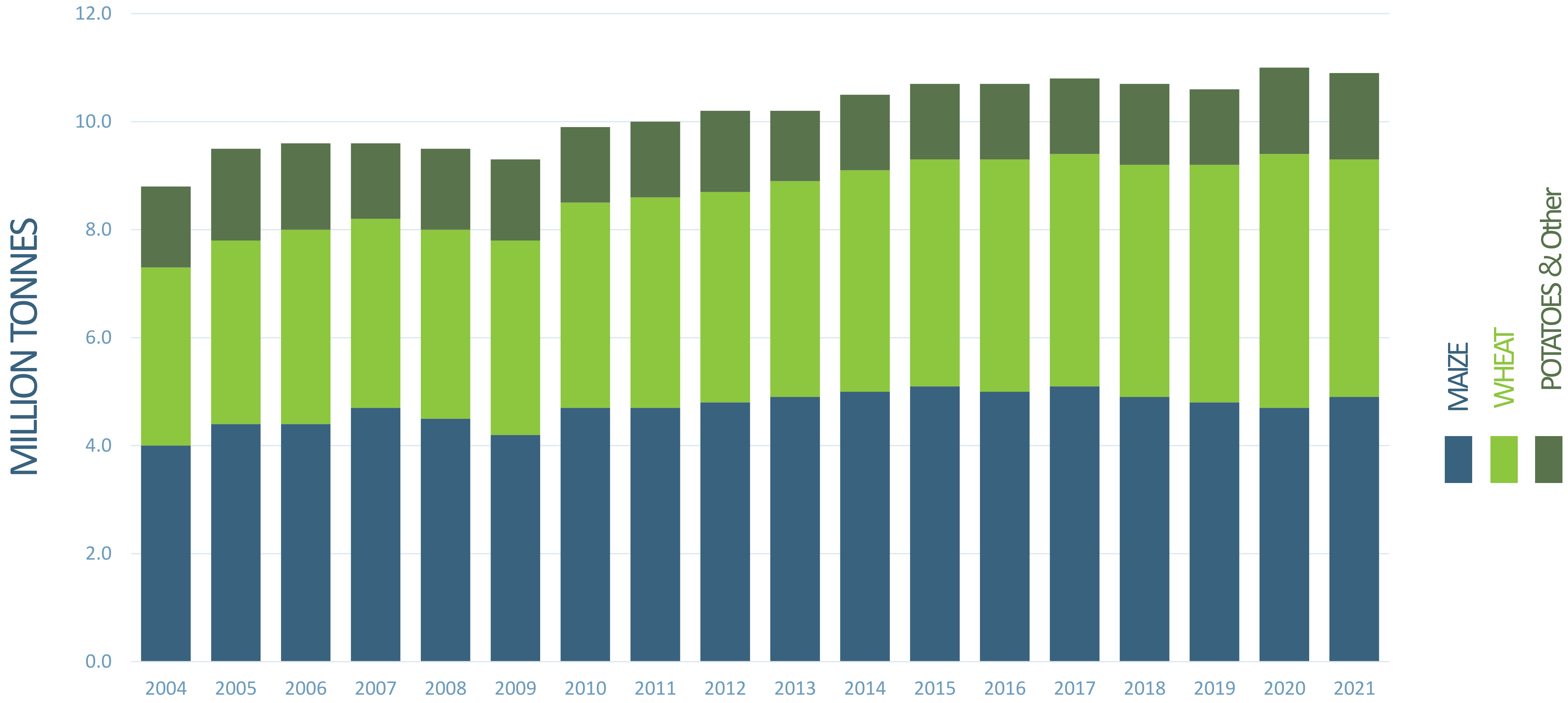


10,9M TONNES

STARCHES & DERIVATIVES

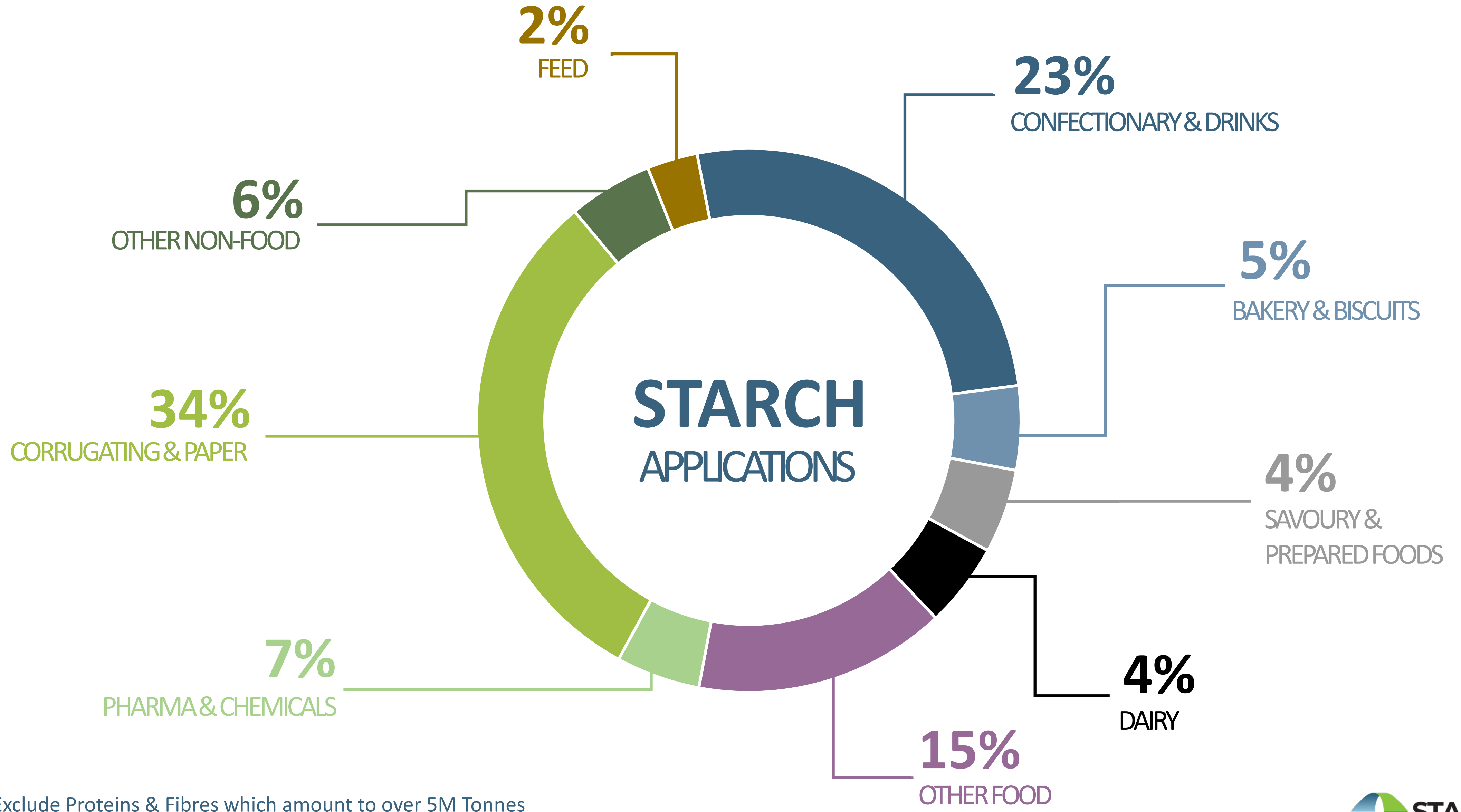
EU 27

STARCH PRODUCTION IN THE EU



EU25: 2004-2006 | EU27: 2007-2012 | EU28 : 2013-2020 | EU27: 2021

MAIN STARCH APPLICATIONS 2021



EU 27

All Figures Exclude Proteins & Fibres which amount to over 5M Tonnes

Source: industry statistics compiled and audited by PriceWaterhouseCoopers

EU CONSUMPTION OF STARCH & DERIVATIVES (2021)

19%
MODIFIED STARCHES

32%
NATIVE STARCHES

49%
STARCH SWEETENERS

EU 27

8,6M TONNES
STARCHES & DERIVATIVES

CONSEQUENCES OF THE WAR IN UKRAINE ON THE SECTOR

» Energy supply and price:

- Need for starch to be prioritised in the event of gas rationing.
- Financial compensation.
- Support to customers and suppliers suffering from energy prices.

» Availability of raw materials:

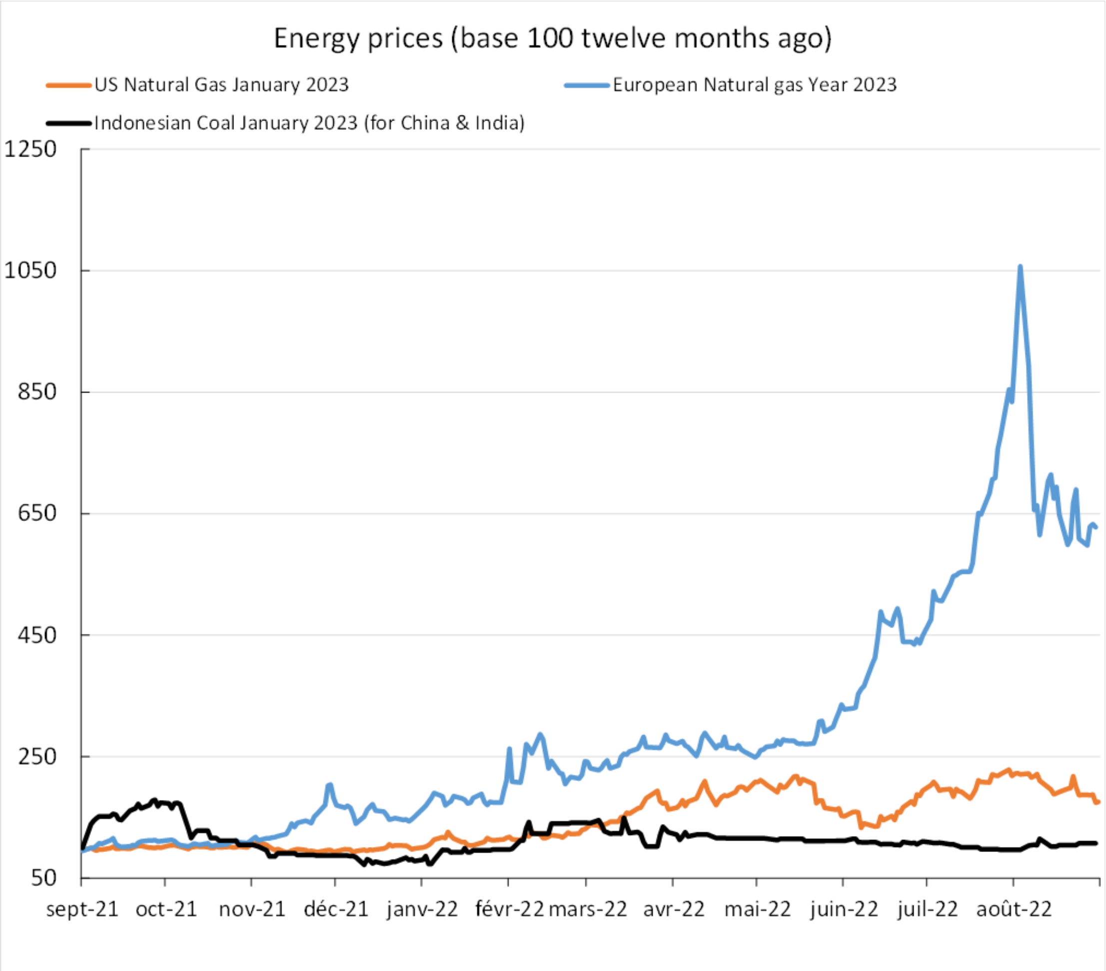
- Adequate supply (Ukraine/Drought).
- Impact re Green Deal and Farm to Fork targets.
- Importance of CAP strategic plans.

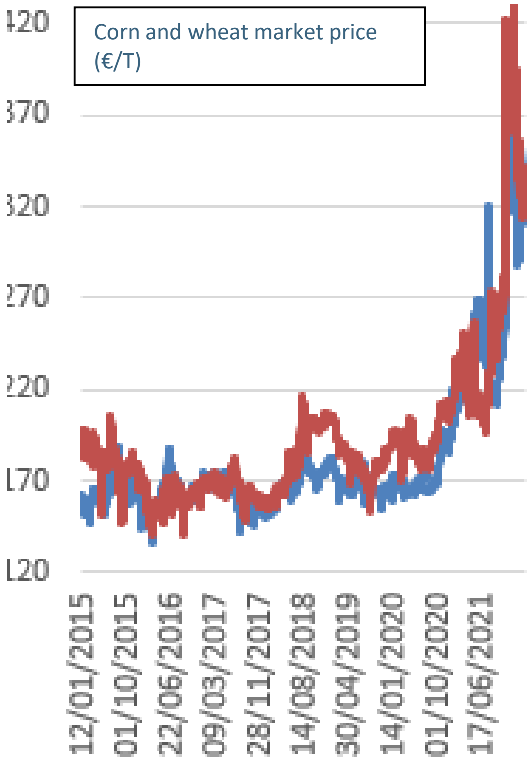
» International Trade:

- International competitiveness.
- Exports to Russia.

International Competitiveness

Energy and Raw Materials Issues





Corn and wheat market price increase / Source Reuters Sept 22

International Competitiveness

Energy and Raw Materials Issues

- **Food** and **Health** supply chains are identified as ***societally critical*** sectors in the July **Save Energy for a Safe Winter** and associated **European Gas reduction plan** announcements

- Essential that **EU Member States**, in implementing this EU guidance, **identify starch producers** as amongst those **prioritised for exclusion** in the event of **gas rationing**

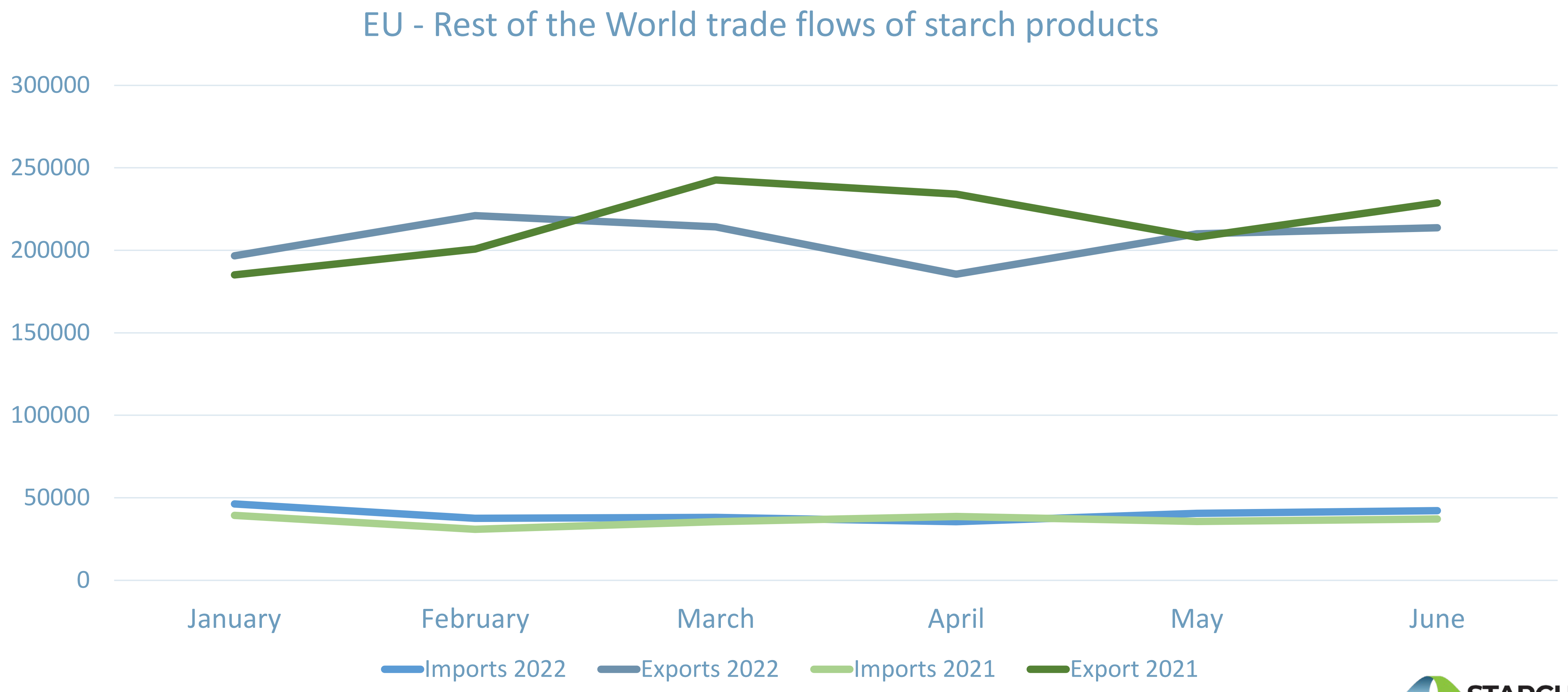
- Suitable eligibility rules for exceptional state aid (amendments to the Temporary Crisis Framework).

RAW MATERIAL SUPPLY – AVAILABILITY

- Imports of Ukraine cereals to EU starch industry limited
- But other users (animal feed in particular), now needing more EU cereals and prices therefore increased.
- Initial concern that some Member States threatened to keep their cereals to themselves.
- Reopening of the Black Sea corridor, lower pressure on prices.
- Severe drought across the EU; impact more severe in Southern Europe.
- Rain came too late for many starch potatoes;; production down 0-20% depending on country.
- EU Cereal production also impacted in terms of both quality and quantity.

IMPACT ON EU TRADE SO FAR LIMITED – aside from exports to Russia (e.g EU modified starch exports covered by sanctions)

» International trade (ECAF 86/2022):



OUTLOOK AND OVERALL CONCERN

- Outlook highly unpredictable but starch has demonstrated its resilience over many decades
- Depending on ingredient portfolio, client portfolio and risk management systems in place, some members will fare better than others
- Main concern
  - Energy rationing and subsidies ultimately up to Member States to decide; despite assurances around solidarity approach.
  - National Pesticide/organic etc targets also ultimately up to Member States.
  - Result likely to be significant differences in starch production costs between Member States.

UKRAINE - RESPONSE TO STAKEHOLDER CONCERNS RE SUPPLY

- An inevitable result of the war in Ukraine is that production costs, most notably the cost of energy but also raw materials (cereals in particular) and chemicals have increased significantly. As a result prices for customers for starch-based ingredients as well the proteins, fibres and other ingredients produced by the sector have also inevitably increased.
- Over 95% of the raw materials starch producers process are EU grown and the import of cereals from Ukraine was minimal.
- The main concern which could impact our ability to meet customer demand would be any rationing of energy; hence the need to prioritise the starch sector in the event of any shortages.
- The second concern would be any EU Member State initiatives to disrupt/limit the flow of cereals within the EU.
- A third more recent concern is the impact of the recent drought which may affect the supply and quality of our EU grown raw materials, most notably starch potatoes but also maize and wheat.
- Demand for starch-based ingredients is however also starting to decline as some customers reduce their own production, as a response to the high energy price impacting profitability and cost of living concerns impacting final consumer demand.
- Throughout these volatile times, Starch Europe members will continue to do their utmost to support our customers with sufficient supplies of the starch-based and other ingredients they need.

STARCH EUROPE LCA STUDY 2022

HOW DOES THE FOOTPRINT LOOK

- **77%** of our environmental footprint occurs **before** our agricultural raw material reach our **factory gate** (Scope 3)

We have reduced our Greenhouse gas emissions by 7% since our last study in 2009; bearing in mind increased production since then, this equates to

A reduction in GHG emissions per tonne of final product of 19% between 2009 and 2019 (Scope 1 & 2)

STARCH SECTOR DECARBONISATION ROADMAP

25%
2019-2030

Target of 25% reduction of **Scope 1** and **Scope 2** GHG emissions per tonne of starch between 2019-2030

We will monitor our progress and **review it in 2026**.
In **2031 we will conduct a new LCA study** with an independent verification on whether or not we have delivered on our commitment

We are signing up to **the EU Code of Conduct** for Responsible Business and Marketing Practices

MORE INFORMATION

WHERE TO FIND US ONLINE

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Follow **@StarchEurope** on twitter to learn more