

Supply of Raw Materials

Internal market and trade

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EUROPEAN PARLIAMENT

Outline

- COCERAL facts and figures
- EU and the global context
- Feeding the demand: trade challenges
- Conclusions



COCERAL MEMBERS

ASSOCIATE MEMBERS



**EXTRAORDINARY
MEMBERS**

**EU association representing the trade with
cereals, oilseeds, rice, feedstuffs, olive oil and
agrosupply**

**Grain merchants, storekeeper and/or
international traders**

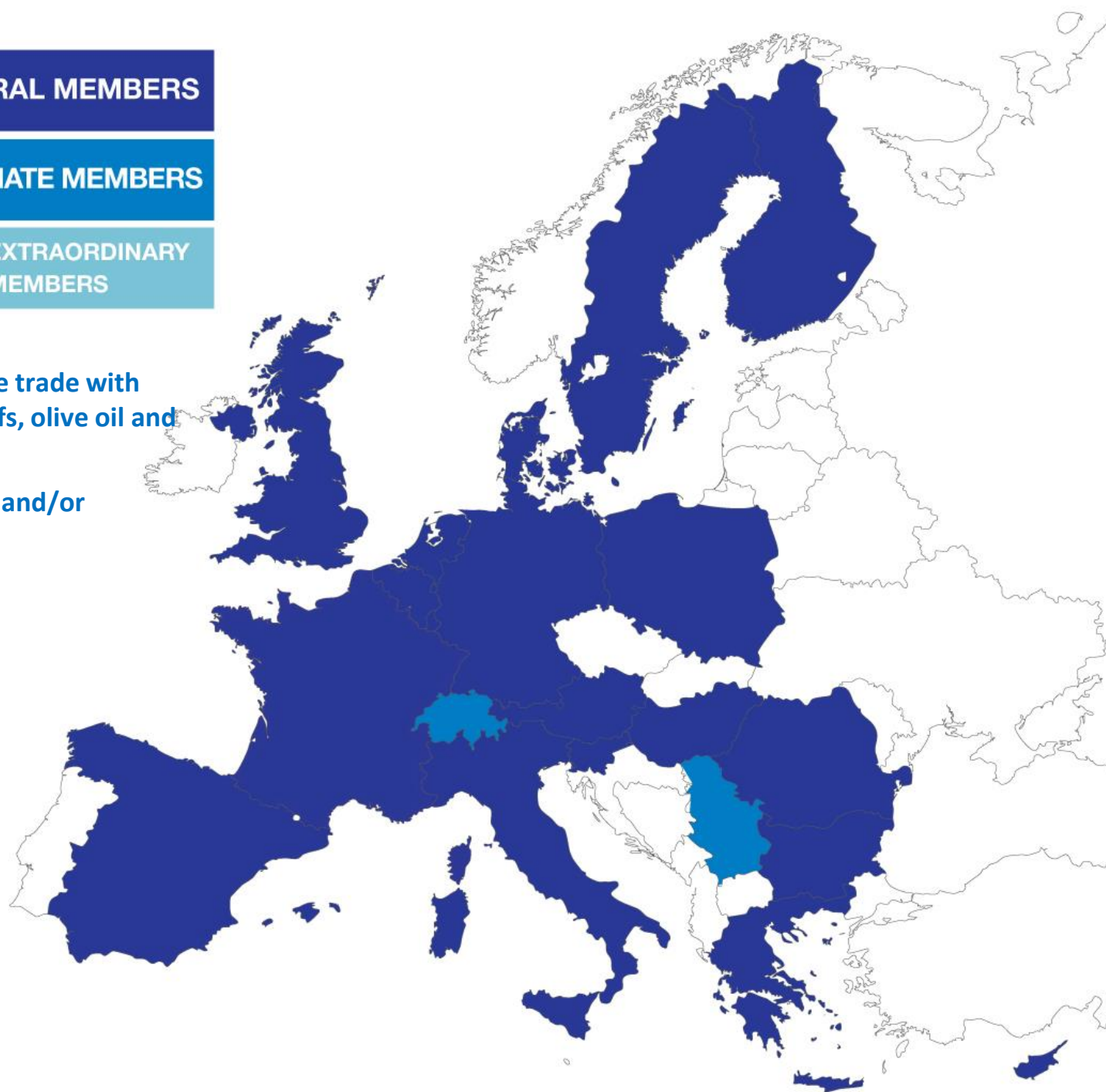
**26 Member Associations
18 EU countries**

Associated Members

- Switzerland
- Serbia
- Euromalt
- Euromaisiers

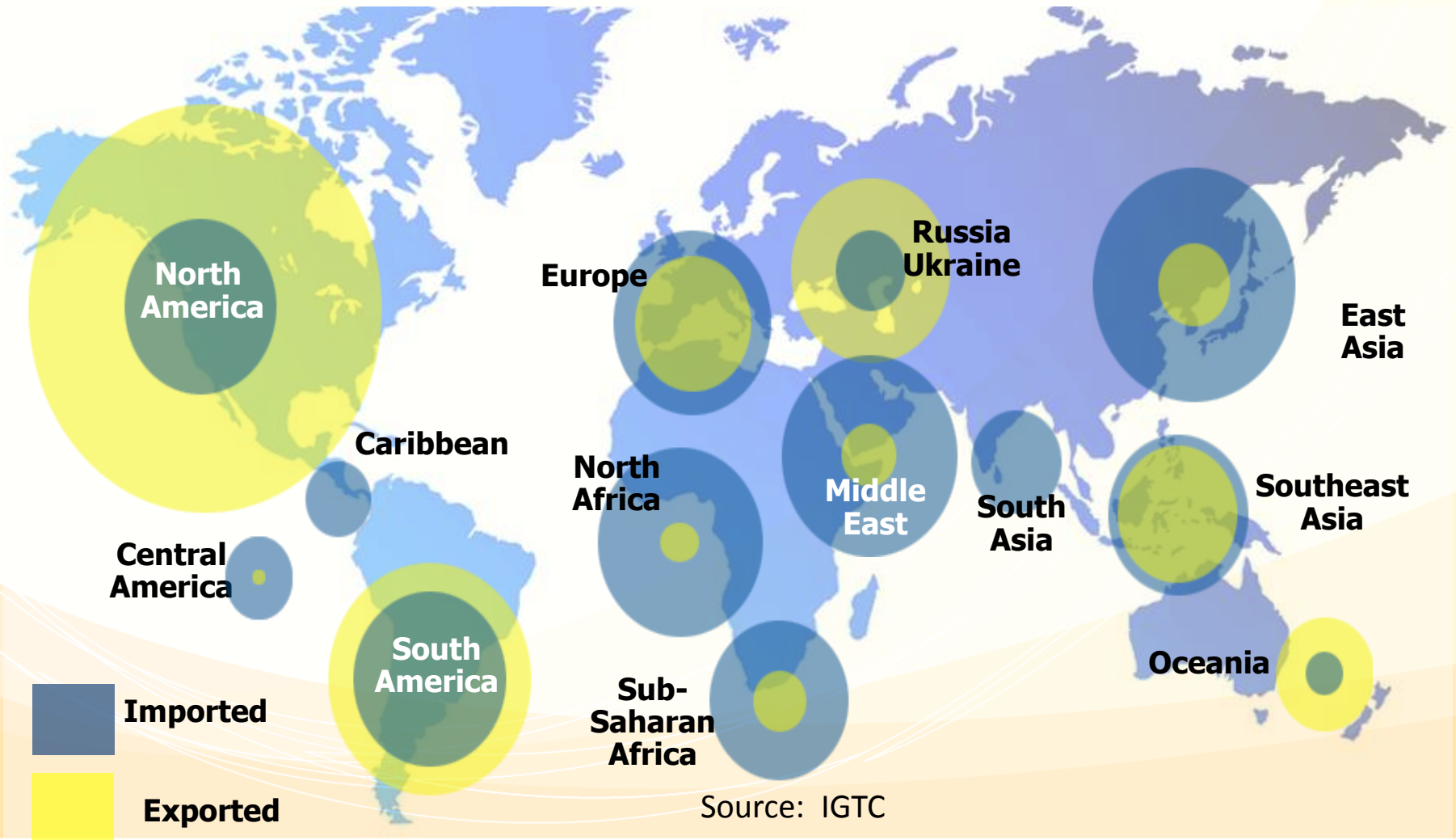
**1 Extraordinary Member
- Gafta**

3500 Companies



The EU is not a market standing alone

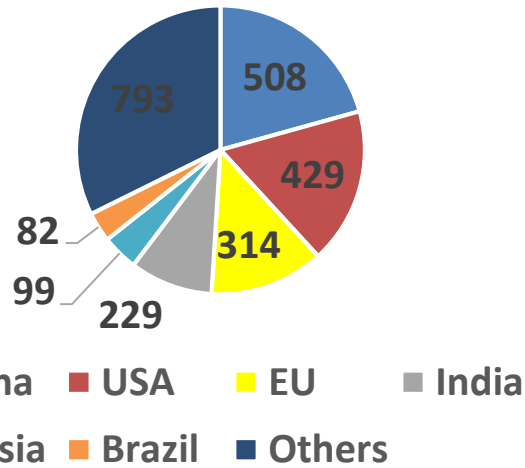
Global sourcing of agricultural commodities to meet food, feed and industrial needs



Feed compounders and farming community

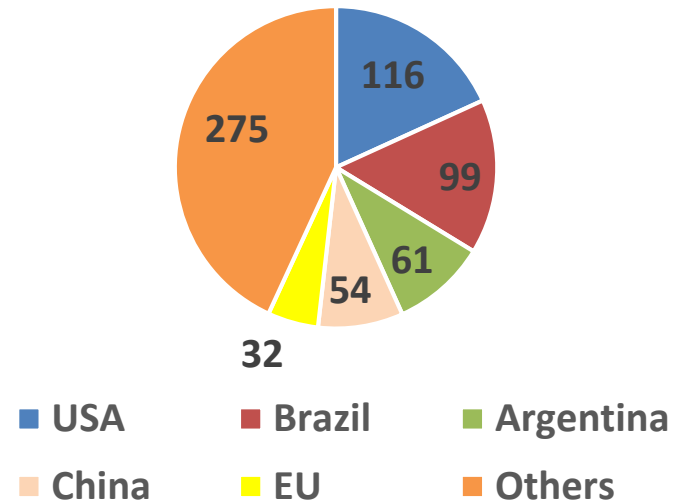
Feeding the demand *Trade challenges*

EU Production (in mln t)



Grains 314 mln t

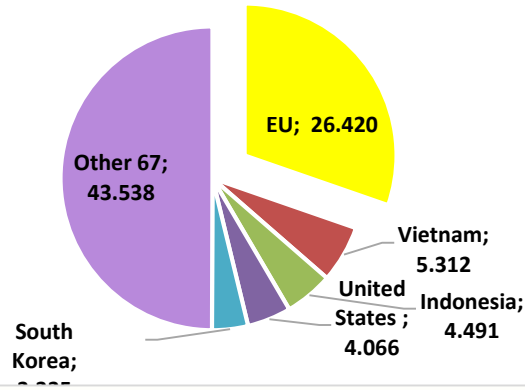
Oilseeds 314 mln t



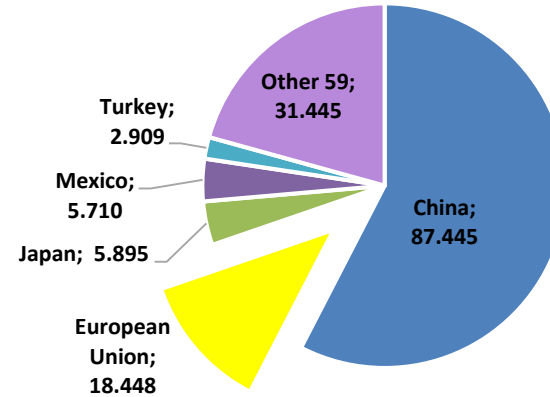
EU: A major importer of agricultural products

Nr 1 in meals, Nr 2 in oilseeds and oils, Nr 4 in grains

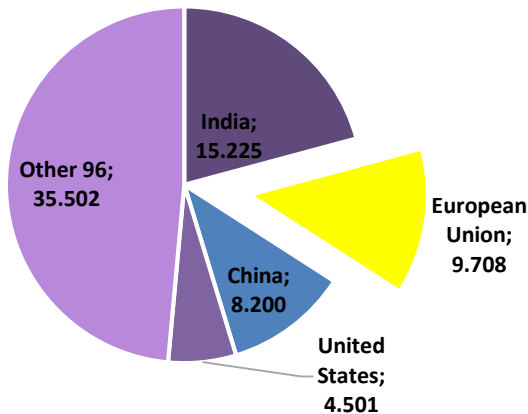
Meals 85,5 mln t



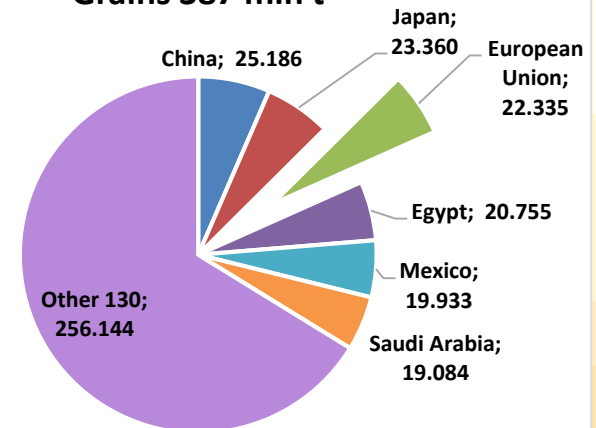
Oilseeds 152 mln t



Oils 73 mln t



Grains 387 mln t



Supply of raw materials in the EU

COCERAL vision

Level playing field EU production and import
Access, safety, competitiveness,

SUPPLY THE DEMAND

**Plant
Production**

**GMOs
NPBTs**

**Plant
Protection**

PPPs

**Sustainable
sourcing**

Sustainability

GM Low Level Presence: the major challenge to EU trade

“Zero tolerance”
policy for GMOs not
authorized in EU



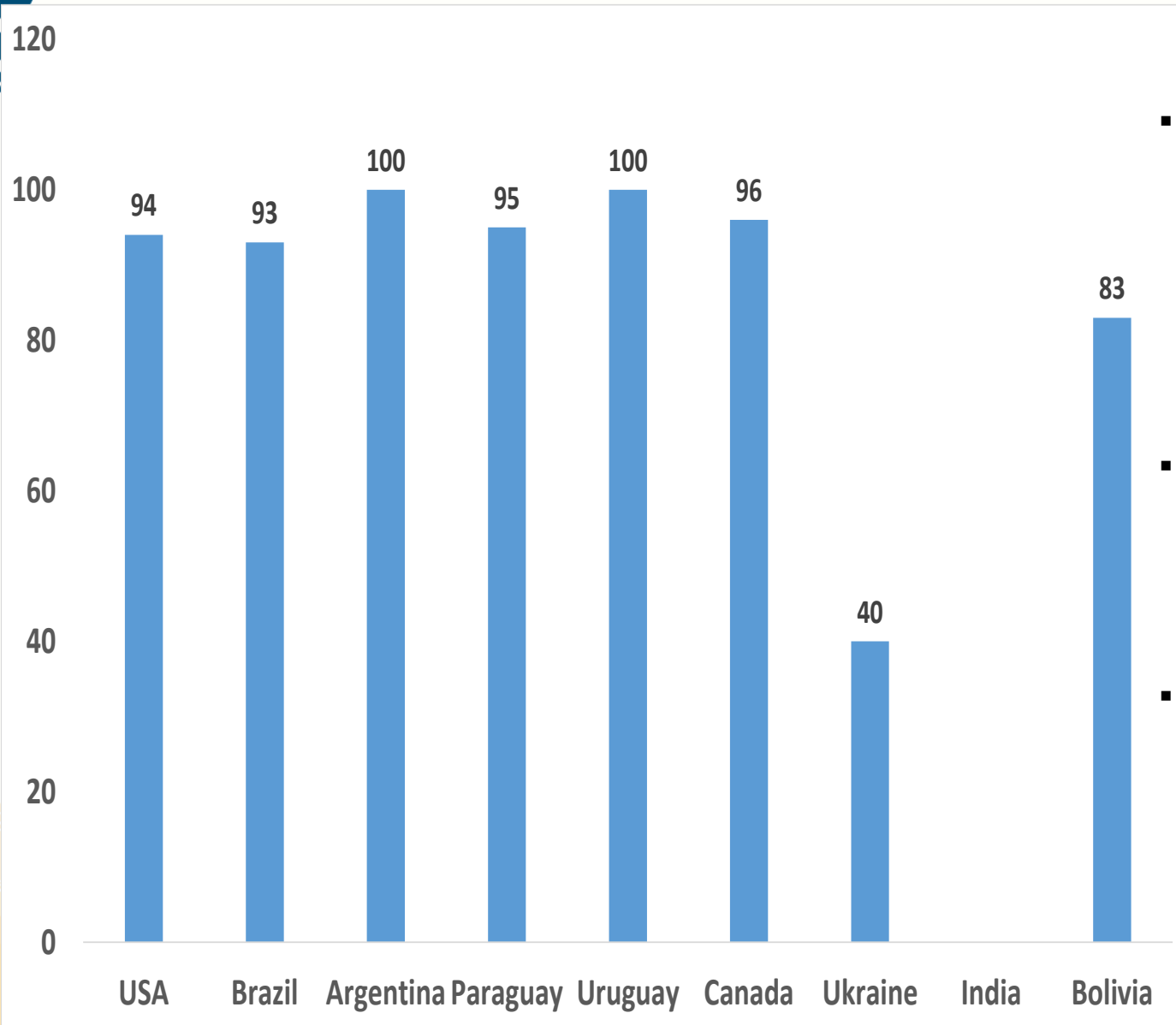
Increasing
acceptance of GM
technology in third
countries



High risk of finding
LLP of GMOs in
imported
commodities for
the EU industry

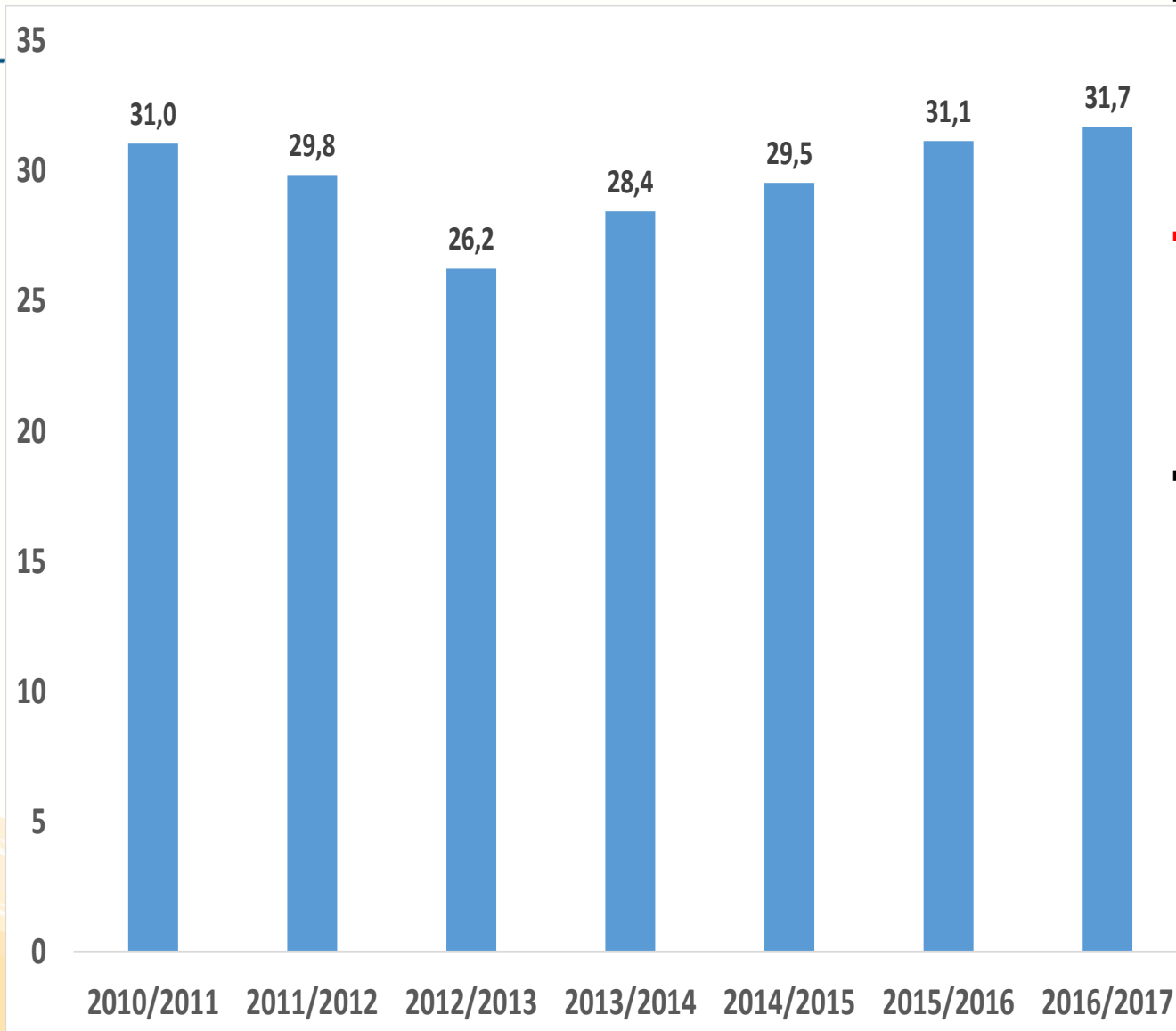
- Zero tolerance policy and asynchronous authorizations bear unbearable legal compliance risks
- 1 incident = 50,000 tons corn/soy shipment = circa €25 ml loss

Soybeans: Share of GM production in total production (in %)



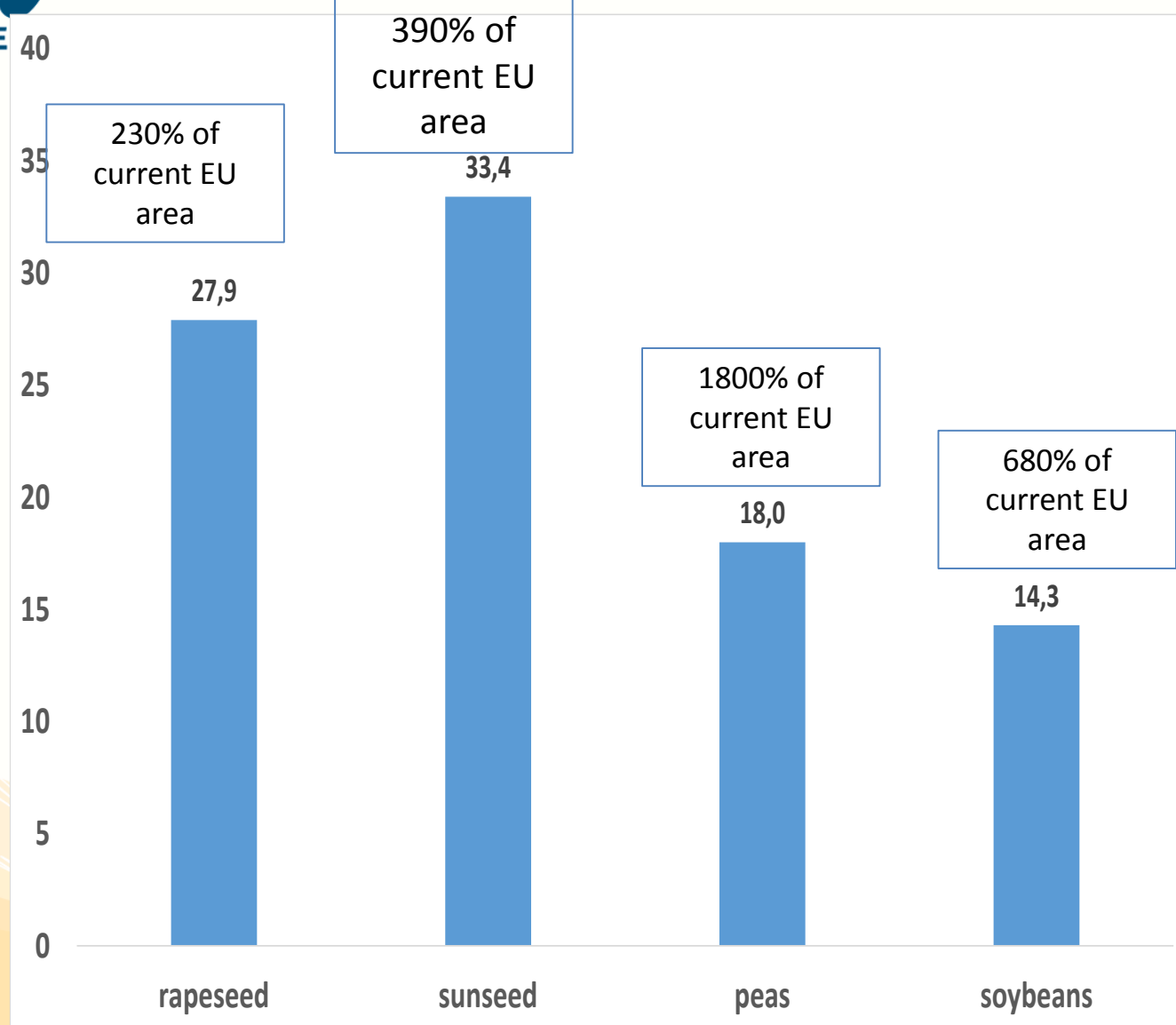
- Global export availability of non-GM soybeans for feed at roughly **11 mln t** on global level (*based on transgen.de, USDA avg. of 2014/15-2016/17*)
- EU domestic production of non-GM soybeans at **2.1 mln t** (*based on avg. of 2014/15-2016/17*)
- Total of global export availability and EU domestic production roughly **13 mln t**

Soybean meal use in the EU (in mln t)



- EU domestic use in soybean equivalent at roughly **39 mln t** (based on USDA avg. of 2014/15-2016/17).
- **Remember:** Total of global export availability and EU domestic production roughly **13 mln t** only.
- Sourcing additional notable amounts of non-GM soybeans would mean **very high costs**. Since the majority of the EU consumers is not willing to carry the cost burden, the EU's livestock sector would face a **competitive disadvantage** and production would leave the EU.

Opt-out Scenario GE/FR/PL/HU: How much of an alternative crop would be needed (in mln t)*



- No efficient/modern and physiologically recommendable feed ration.
- Crush capacity not available
- Too much oil
- Crop rotation issues
- Area of alternative crops (e.g. wheat, barley or corn) has to decrease and the EU would become a net importer of (partly GM) grains.
- EU no reliable exporter of quality wheat to regions in need.

The EU case

Almost two decades of enduring threats to the supply

Commodity	Source	GM traits	Year	Origin
Maize	LLP from discontinued authorization	GA 21	2007/08	Argentina
Soybean	LLP from asynchronous authorization	LibertyLink, Roundup Ready 2, MON 88017, MIR 604 and others	2008/09	North America
Maize	LLP from asynchronous authorization	Herculex RW Rootworm, MIR 162 and others	1996	North America
Linseed	LLP from asymmetric authorization	CDC Triffid	2009/10	Canada
Rice	LLP from asymmetric authorization	LLRICE601, LLRICE06 and LLRICE62	2006/07	US
Maize	AP	BT 10	2005/06	US
Rice	AP	Kefeng 6, KMD, others	2006/07	Asian countries

Different Techniques

The Plant Breeders' Toolbox



New Plant Breeding Techniques (NPBTs)

Arable crops production and trade

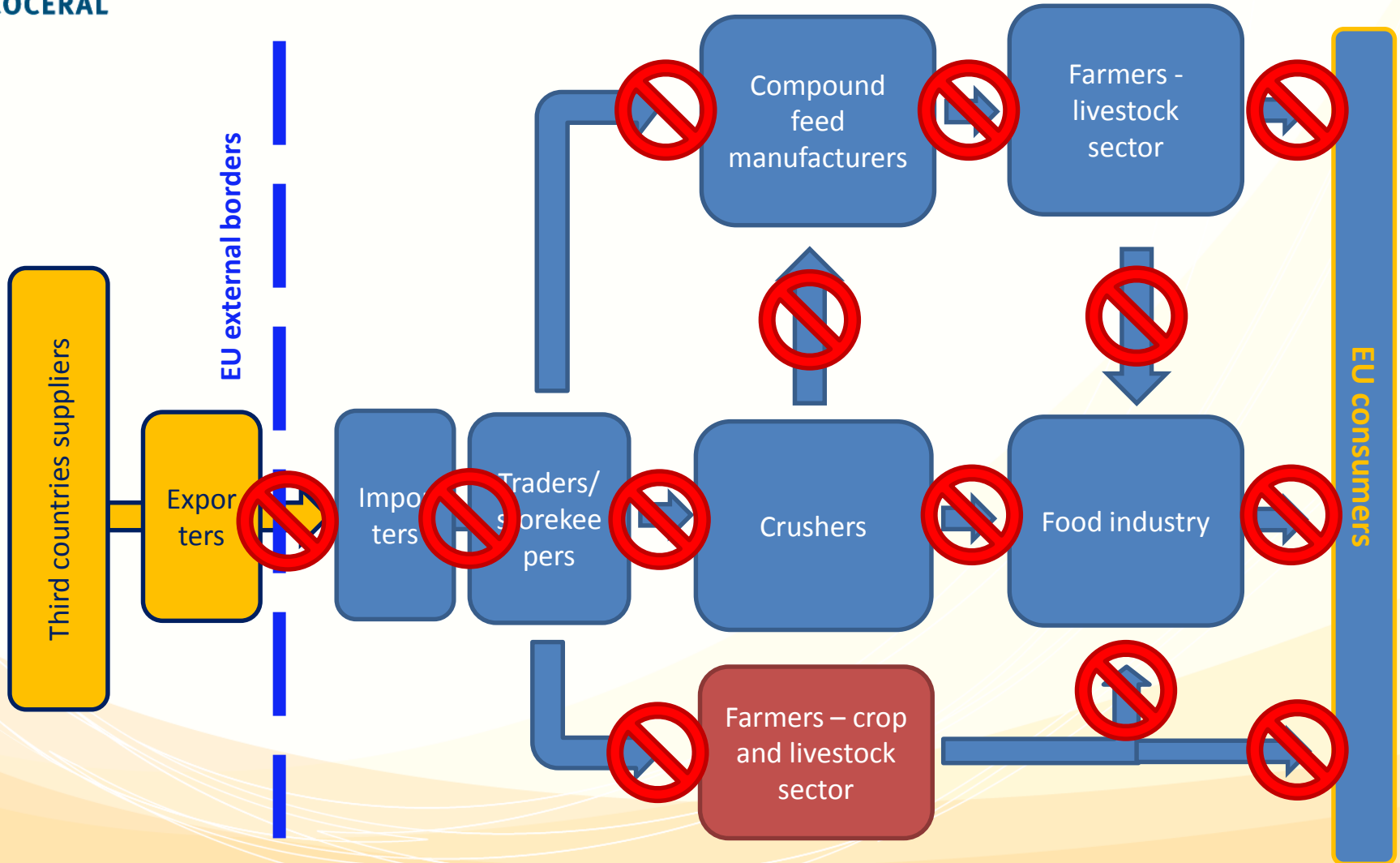
Key priorities

- EU Farmers' competitiveness v. Third countries ones = accessibility
- Facilitation of grain trade => no trade disruptions
- International alignment, i.e. similar approach per technique across jurisdictions => legal certainty
- lowest chance of trade disruptions.

Plant Protection: a shrinking toolbox

- Progressive erosion of active substances authorised for plant protection products - Impact on EU production
- Few storage insecticides are authorised today for protecting grains and oilseeds during transport and storage
 - Little or no commercial interest for developing new active substances
- Maximum residue limits (MRLs) continue to be revised down to the level of detection
- Discrepancies with active substances/MRLs authorised in Third Countries

MRL impact on the food-feed supply chain



Sustainability criteria

- Sustainability criteria today are binding for biofuel raw materials
 - Strong economical implications
 - Set up of complex rules and complex implementation
 - Lack of harmonisation/mutual recognition is generating difficulties and costs, intra Europe and with third countries
- On the food/feed markets, not (yet) mandatory criteria but private certification/commitments for sustainable sourcing are on the increase and can/will generate various type of offerings
- Not compromising the present, we keep being very attentive to the protein supply: biofuels industry is today a key driver of the protein market

CONCLUSIONS

**Let's seize opportunities and overcome barriers
*together...***

- Trade is the glue of the supply chain
- COCERAL is at the front line on issues that slow, delay or prevent supply of raw materials to the EU chain partners;
- Seek synergies and further enhance cooperation with regulators and authorities to promote best operating conditions at the EU-level
- Internal market functioning/International dimension to consider.

.....and in any case

.....be a trader!



COCERAL:

Working together to make trade work

Thank you for your attention

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