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FEFAC contribution to the public consultation on the Common Agricultural Policy beyond 2020

The European feed sector is an essential supply partner to the livestock industry and thereby the most important agricultural input industry in Europe. Farm animals in the EU-28 consume an estimated 478 million tons of feed a year, of which 156 million tons are produced by the compound feed manufacturers.

FEFAC is the European Feed Manufacturers' Federation. It represents 24 national Associations in 23 EU Member States as well as Associations in Switzerland, Turkey, Serbia, Russia and Norway with observer/associate member status. The European compound feed industry employs over 100,000 persons on app. 3,500 production sites often in rural areas, which offer few employment opportunities.

In the context of its contribution to the consultation organised by the European Commission on the Common Agricultural Policy beyond 2020, FEFAC would like to complete its anwers to the questionnaire with the following additional elements.

1) The need to learn lessons from the previous reform

The political agreement on the previous CAP reform was reached in 2013, and the implementation of the current CAP started in 2015. This is still very recent. Before starting the discussion on the next CAP, it is necessary to analyse the success and failures of the current CAP, in particular regarding the new measures which were introduced by the previous reform such as the greening.

The European Commission recently published a report on the implementation of the ecological focus area obligation under the green direct payment scheme[1]. This report will feed into the wider evaluation of the greening. It is important to include in this broader evaluation the consequences of the crop diversification measure. Furthermore, the comprehensive evaluation of the greening should be taken into account for the preparation of the next CAP. This means that this evaluation should be available in due time.

Since the previous reform of the CAP, the livestock sector, and in particular the pig and dairy sectors, had to face difficult market conditions. When confronted with these difficulties, it became clear that the market management tools available to compensate the market situation were very limited. The next CAP should therefore facilitate to achieve a better balance between vegetable and livestock production.

[1] COM (2017) 152 final

2) Enable a competitive EU livestock sector

The Agricultural Markets Task Force (AMTF) was established by the EU Agriculture Council in September 2015. Its mandate was to look into the functioning of the agricultural markets and the position of farmers in the supply. The report[2] published by the Agricultural Markets Task Force in November 2016 also contains considerations on the CAP post 2020. The AMTF considers that the policy direction that the reformed CAP has taken, i.e. market orientation should not be reversed. FEFAC supports this view but in order to be consistent, the CAP and other EU policies should create the appropriate framework to enhance the competitiveness of the EU livestock sector by:

a. Maintaining a stable and predictable legal framework
b. Facilitating availability and access to feed materials, with a focus on the removal of non-tariff barriers
c. Improving the possibility for livestock farmers to manage their financial risk
d. Enabling access to export markets, as a source of growth for EU livestock sector
e. Stimulating research and innovation at a pre-competitive level, together with dissemination of knowledge

3) Make the CAP really "common"

The previous CAP reform opened the door for a lot of national exemptions. The CAP is and should remain a truly common policy. Although flexibility could be useful to address the diversity of EU agriculture, it should not be at the expense of the level playing field between countries.

The next CAP reform needs to reduce the risk of renationalization of agricultural policies in order to limit market distortions. This is particularly valid for CAP measures which have a direct influence on the market or on the economic viability of EU livestock farmers. Such measures should be integrated in the CAP first pillar, to ensure that they are accessible to all farmers in the EU.

4) Integrate the CAP in the global market and environmental context

The CAP is one of the most important EU policies. It should however not be conceived in isolation of other EU policies. Consistency is required, in particular for the implementation of the COP 21 Paris agreement, the Single Market for Green Products initiative and the circular economy package. Synergies should also be established with the Sustainable Development Goals defined by the United Nations.

The EU livestock sector can contribute positively to the environmental challenge, and in particular to the mitigation and adaptation to climate change. It is the role of the CAP, in coordination with other EU policies, to create the appropriate framework to stimulate this

[2] https://ec.europa.eu/agriculture/sites/agriculture/files/agri-markets-task-force/improving-markets-outcomes_en.pdf

positive contribution. The CAP second pillar could for instance facilitate investments in low-environmental-impact livestock production systems.

5) Contribution of the EU compound feed industry to a competitive and environmentally smart EU livestock sector

By permanently exploring new feed resources, improving animal feed knowledge, investing in quality & safety management systems and stimulating innovation in more resource efficient feeding systems, the feed industry was among the key drivers of the evolution of livestock farming over the past 40 years.

The European feed sector is a pivotal link between farmers of arable crops and farmers of livestock as it connects both worlds by being a customer to the one and a supplier to the other. In addition, the European feed industry also converts a very significant amount of co-products that result from the primary processing segments of the food & drink and biofuel industries, thereby significantly contributing to their economic viability and concretely applying the circular economy principles.

A number of economic actors and public authorities have a role to play to help farmers face their challenges. Feed manufacturers are among those who can deliver these services and meet the demands of farmers, citizens and consumers. Feed manufacturers can for example help to manage financial risks and buffer price fluctuations of agricultural raw materials thanks to their nutritional and buying capacities, improve the feed efficiency by matching the needs of individual animals (precision feeding) or develop GHG mitigation strategies or feed safety management systems.

The feed industry also adapts to the needs of individual farmers, bringing the most appropriate product or service. The feed manufacturer delivers the right feed for the right purpose. This can be a complete feed, a complementary feed if the farmer also produces feed on the farm (e.g. cereals, pulses, forages) or even dietetic feed to address specific needs of animals at specific physiological stages. With the delivery of feed comes professional advice on how to optimise the use of feed and implement livestock management strategies that respect animal health and welfare.

Finally, the feed industry has a long experience in anticipating market demand. It has the capacity to meet customers demand to adapt to the diversity of livestock farms across the EU and support market differentiation.