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Member of the European Commission
EU Commission
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G-20 Ministers of Agriculture meeting on price volatility of agricultural commodities / viewpoint of the European feed industry

Dear Commissioner,

FEFAC, representing the interests of the EU compound feed and premixtures manufacturers producing 150 Mio. tonnes of industrial compound feed, takes the liberty of sharing its viewpoint on price volatility of Agricultural Commodities to be discussed at the upcoming G-20 Farm Ministers meeting on 22/23 June 2011.

The EU compound feed industry is the largest market for EU produced grains and oilseed meals. It also processes more than 30 Mio. tonnes of protein-rich feedstuffs due to the EU large vegetable protein deficit (app. 75+%).

FEFAC has followed closely the Farm Council debate for the preparation of the G-20 Farm Minister meeting and fully endorses the general principles in view of dealing with global food security laid down in the CIAA's G-20 statement but would like to share its own sector perspective, analysis and recommendations for the "next steps" to be considered by G-20 Farm Ministers to improve food security and reduce volatility:

Market access and food security

FEFAC strongly welcomed the May Farm Council conclusion that market access to competitive raw materials for use in animal feed is the key to maintain a viable and sustainable livestock production in the EU, which provides a vital contribution to food security in the EU and at global level.

We fully support the view expressed by FAO in its most recent communication that assuring food security for the growing world population should become a major strategic policy priority in the EU and at global level.

FEFAC therefore invites the EU Commission and Farm Ministers to analyse and address the key policy measures influencing the increase of both EU and world production and productivity of agricultural raw materials, feed and food. Key attention must be given to raising the efficiency and sustainability of livestock feeding, representing the major outlet for vegetable crops and the most important market for co-products from the food and biofuels industry in the EU. Global demand for food from animal origin is expected to double until 2050. As a result, feed markets will be the single most important driver for a need to increase agricultural production and productivity.

FEFAC members are currently involved in a series of public-private partnership seeking to increase the knowledge base on sustainability and resource efficiency of livestock and feed production at national, EU and international level. The increase of feed efficiency is a key tool to improve performance of livestock production.

Market transparency and non-trade barriers

FEFAC supports any efforts of EU and global regulators to increase market transparency on financial markets as well as on physical commodity markets and would strongly advise EU and national government authorities to associate the private sector both regarding exchange on market information on production and stocks as well during the management of crisis situations. FEFAC, therefore, welcomes the EU efforts to improve its own regulatory framework governing financial instruments in order to reach equivalent levels on oversight of financial markets for commodity derivatives as currently applied in key agricultural export markets, such as the USA. While trade in agricultural commodities has increased substantially over the past decade, the interest of financial markets in agricultural commodities has taken a new turn after the global financial markets crisis in line with the market recognition of changing fundamentals of demand outpacing supplies. This is triggering the need for more effective coordination at global level on oversight and market transparency of financial markets.

FEFAC calls on the EU Farm Ministers to systematically tackle and review regulatory burden and remove measures which hamper the fluidity of markets for agricultural raw materials, without compromising feed and food safety standards. Many studies have shown that additional non-tariff trade barriers imposed on EU livestock producers are seriously undermining efficacy and competitiveness of EU livestock production. This has serious negative repercussions on the functioning of agricultural markets as these measures raise legal uncertainties leading to lower predictability of agricultural markets which amplifies normal market price volatility (e.g. the EU GMO policy).

We would like to thank you in advance for your interest shown in the specific perspective of the European feed industry on the G-20 Farm Ministers meeting on price volatility of agricultural commodities.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'P. Vanden Avenne', with a long horizontal flourish underneath.

Patrick Vanden Avenne
President

Cc : Messrs José Manuel Barroso, European Commission President, Michel Barnier, John Dalli, Members of the European Commission, Philippe Etienne, Ambassador, French Permanent Representation to the EU