Joint Position Paper

COCERAL, FEDIOL and FEFAC call upon the Plenary of the European Parliament to reject the Commission proposal allowing Member States to opt-out from the EU GM food and feed authorisation system

On 22 April 2015, the European Commission tabled a proposal[1] to amend the current EU GM authorisation system[2] with the aim to give Member States flexibility to restrict or to ban in their territory the use of GMOs authorised in the EU for food and feed.

This proposal is today subject to the ordinary legislative procedure, where both the Council and European Parliament have the right to review the proposal and reach an agreement on it. On 13 October 2015, the European Parliament's Committee on the Environment, Public Health and Food Safety (ENVI Committee) voted against the adoption of the Commission's proposal.

COCERAL representing the trade in cereals, rice, feedstuffs, oilseeds, olive oil, oils and fats and agro-supply, FEDIOL representing the vegetable oil and proteinmeal industry and FEFAC representing the compound feed and premix industry in Europe, are profoundly concerned about this proposal. They call upon the Plenary of the Parliament to reject it, as several institutional bodies[3] have already done, for the following reasons:

- **The Commission proposal is challenging the acquis communautaire**. Harmonised rules across Europe and the establishment of the internal market with its subsequent free circulation of goods are amongst the founding principles of the European Union. The re-nationalisation of the GM market will expose the food, feed and livestock chain to undue extra administrative burdens, to supply uncertainties and to increasing markets imbalance, as well as open the door to the principles of the internal market being undermined whenever expedient in the future. The proposal, as it stands, denies the European agenda for growth and employment.
- The EU food and feed chain has developed non-GM supply channels (for processed vegetable products and for animal products fed without GM feed ingredients). In other words, **food and feed business operators already offer a choice between GM and non-GM products**, based on real market demand. In recent years, the EU has imported around 2-3 mln t of non-GM soybeans and soybean meal for feed which, on the top of the app. 1 mln t of domestically produced non-GM soybeans, meets the demand for non-GM soybean meal in the EU. The so-called opt-out proposal would **allow Member States to restrict and limit that choice** forcing their livestock farmers and consumers to pay for the related extra-costs.
- There will be severe **extra costs associated with the enforcement of the opting-out proposal by Member States**. Soybean meal provides 32% of the total protein

[1] Proposal for a Regulation of the European Parliament and Council amending Regulation (EC) No 1829/2003 as regards the possibility for the Member States to restrict or prohibit the use of genetically modified food and feed on their territory (COM/2015/0177 final).

[2] Regulation (EC) No 1829/2003 of the European Parliament and of the Council of 22 September 2003 on genetically modified food and feed, OJ L 268, 18.10.2003, p. 1–23.

[3] European Economic & Social Committee, Reasoned Opinions on subsidiarity from the Spanish and Dutch Parliaments, European Parliament's Committee on Agriculture and Rural Development.

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and even 43% of the total lysine to the livestock sector. For nutritional reasons,[4] only a limited proportion of GM soya in feed can be substituted by alternative protein sources.[5]

- This means that **the bulk of GM soya presently used in feed will have to be replaced by non-GM soya with a premium**. The level of the premium can vary between EUR 44 and 176/t (i.e. 15 to 50% of the value of the product). On the basis of the 2015 average non-GM soybean meal premium of EUR 80/t, and adding the EUR 30/t for extra measures at the compound feed stage, costs for the EU livestock industry will rise by around 10% or EUR 2.8 bln at the EU level if all EU countries would opt-out[6]. With the prospect of a captive market (use of non-GM will be mandatory in opt-out countries) and a limited number of regions/countries with the potential of supplying non-GM soy, the **dependency of the EU opted-out countries on imported proteins will increase together with the prices for non-GM soya to the expenses of the livestock sector**.
- The **competitive position of farmers** in opting-out EU countries will be threatened not only in their home market (competition with imported animal products including from non-opting-out European countries) but also **on their export markets** (very limited demand for non-GM fed animal products on the global market).
- There is a **short term risk of shortage of non-GM soya**. Even if it was possible that, in the longer term, the supply would adapt (although this is not the case), there would be **no room for adaptation of the demand in case of reduction of supply**. Taking into account the extra costs for preserving non-GM chains (including increased testing and traceability systems) and for covering the revenue gap for non-GM vs GM soya production, there is no incentive for suppliers to grow more than the expected demand. In case of a bad season (because of adverse climatic conditions for example), there would be an insufficient supply of non-GM soya that would be needed to meet the demand, the only possibility being a **closure of livestock holdings** in opting-out countries.
- The needs for non-GM soybean could not be satisfied by producing alternative protein sources, inasmuch as rapeseed and sunflower seed cultivation have already reached their limit in several growing areas in the EU. In addition, increasing protein crop cultivation areas would necessarily lead to a reduction of other crop outputs. In any event, figures show how unrealistic it would be to seek to replace soybean needs with alternative sources (such as that an increase of more than 100% from the 6.5 mln ha of sunflower currently cultivated area would be required).
- **Securing supply via long term non-GM soya contracts (where available) is not an affordable solution for the livestock sector**. Experience on the food side shows that forward contracts for non-GM products requires premiums up to the double of the premium for usual contracts in the feed sector. Such extra costs are simply not conceivable for the EU livestock sector, which is experiencing financial losses since several years.
- Deprived of the important livestock outlet, **the crushing sector** would also be weakened with direct losses of soybean crush capacities and possible indirect losses of other (rapeseed, sunflower) crushing capacities (because of a reduced livestock production and hence lower demand of proteins).

[4] Source: Etude d'impact sur le marché français des aliments composés d'une renationalisation de l'autorisation d'utilisation de matières premières OGM – CEREOPA – July 2015.

[5] Reducing by 1% the inclusion rate of soybean meal in feed in the entire EU (i.e. 1.5 mln t of soybean meal) would require increasing the EU rapeseed production by 25%.

[6] Refer to COCERAL, FEDIOL, FEFAC "Economic impact assessment on the European GM authorization "opt – out" proposal".

- This loss of competitiveness in opting-out countries would have negative repercussions on the supply chain from **farm to manufacturing**, putting serious pressure on jobs in rural areas. Restrictive measures or bans implemented in the EU would also increase complexity of trade operations in the EU and seriously impact the trade, both within and outside the EU. This is the case especially with regard to increased third country imports of finished products, where the use of GM material in feed can neither be confirmed nor enforced.

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COCERAL is the European association of cereals, rice, feedstuffs oilseeds, olive oil, oils and fats and agrosupply trade. It represents the interest of the European collectors, traders, importers, exporters and port silo storekeepers of the above mentioned agricultural products. COCERAL's full members are **30 national associations** in **19 countries** [Austria, Belgium, Bulgaria, Cyprus, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Luxemburg, Poland, Romania, Slovenia, Spain, Sweden, the Netherlands and the UK] and 1 European association [Unistock] With about **2700 companies** as part of COCERAL national members, the sector trades agricultural raw materials destined to the supply of the food and feed chains, as well as for technical and energy uses. COCERAL has two associated members in Switzerland and Serbia.

FEDIOL, the EU vegetable oil and protein meal industry association, represents the interests of the European seed and bean crushers, meal producers, vegetable oils producers, refiners and bottlers. FEDIOL's members are 12 national associations and associated company members in 5 other EU countries. With about 150 facilities in Europe the sector provides 20.000 direct employments. Its members process approximately 36 million tonnes of basic products a year, both of EU origin and imported from third country markets. The sector processes notably rapeseed, sunflower seed, soybeans and linseed into oils and meals for food, feed, technical and energy uses essentially on the European market.

FEFAC is the European Compound Feed Manufacturers' Federation. FEFAC represents 25 national Associations in 24 EU Member States as well as Associations in Switzerland, Turkey, Serbia, Russia and Norway with observer/associate member status, and is the only independent spokesman of the European Compound Feed Industry at the level of the European Institutions. The European compound feed industry employs over 110,000 persons on app. 4,000 production sites often in rural areas, which offer few employment opportunities.