



Seminar DG AGRI

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World Flour

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Who are we?

COCERAL – EU grain and feed trade + Unistock (grain storage)

EUROFLOUR – EU wheat flour exporters

EUROMALT - EU malt industry

EUROMAISIERS – EU maize milling industry



Trends cereals market

- Demand for food and feed to increase due to population and income growth, urbanisation and change of diets (more protein/vitamins/minerals)
- Higher demand for commodities, including for energy production
- Farmers to expand production of grains, oilseeds and vegetable oils
- Access to supplies key for traders and processors

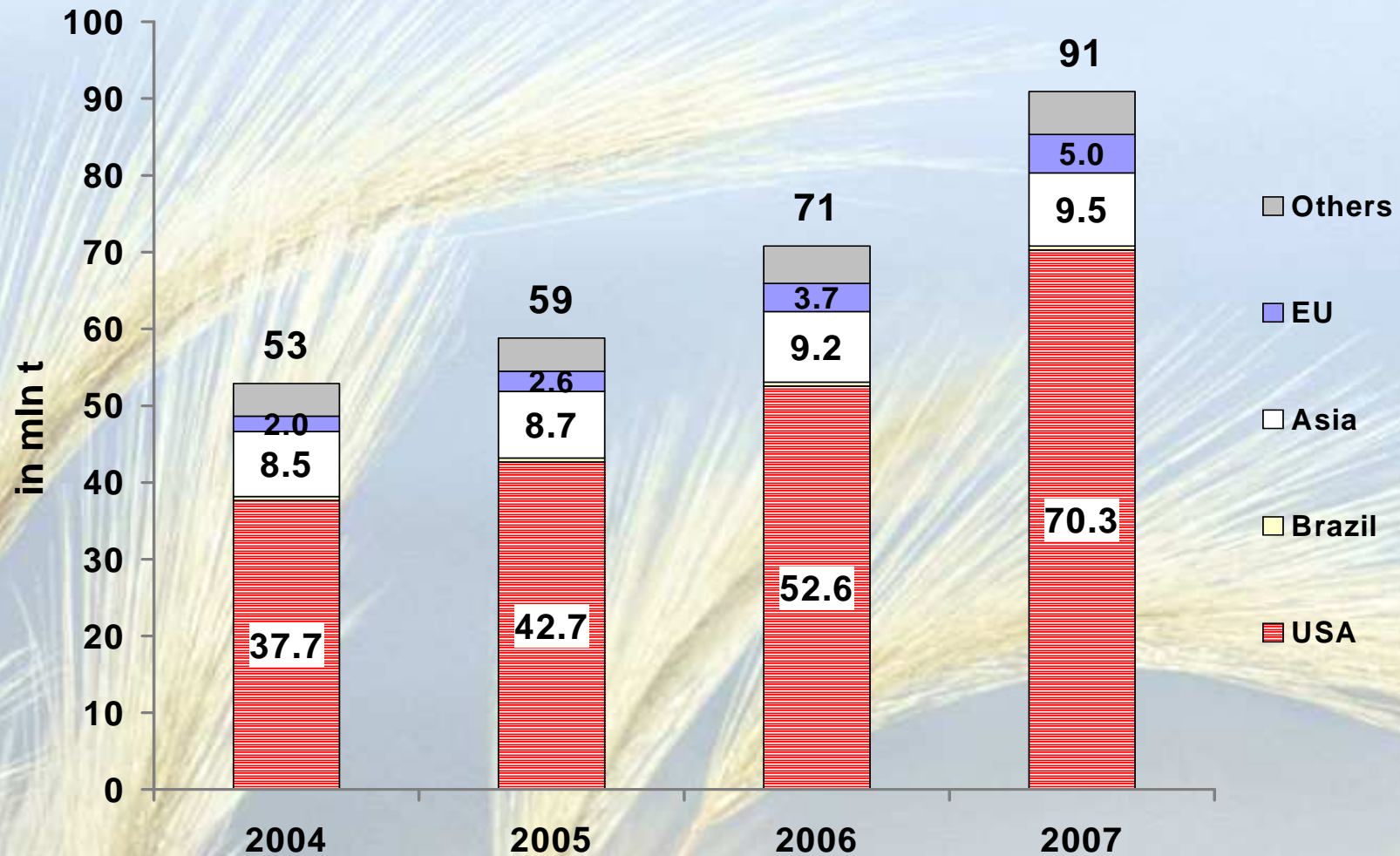
Predictability and stability are essential

EU-27 Grain Supply and Demand - (mln tons)

	2006/07	2007/08	2010/11
Production	258.5	273.3	290.0
Imports	8.9	9.9	10.0
Total Supply	327.6	330.2	350.0
Feed	160.7	162.7	163.0
Seed & waste	10.9	11.0	11.0
Bioethanol	3.3	4.0	18.0
Milling & industry	86.7	87.4	88.0
Total Use	261.6	265.1	280.0
Exports	19.0	20.0	20.0

World Grain Use for Ethanol Production, mln t

(source: Toepfer International)



Prospects

- Technology developments & productivity gains to contribute significantly to balanced supply and demand
- Debate on sustainability to receive more attention
- Acreage competition between food and non-food production to become an issue
- Higher food importing bill for developing countries a possibility
- Open markets needed

COCERAL: cereals and feed trade

Predictability is key

GMOs:

- Impact on supply of raw materials, esp. feed
Consequences on availability of cereals for export but also on competitiveness of livestock sector

Ukraine

- Since Autumn 2006: cereals export ban/
licences/quotas/partial liberalisation/New ban?



EUROMALT-EU maltsters



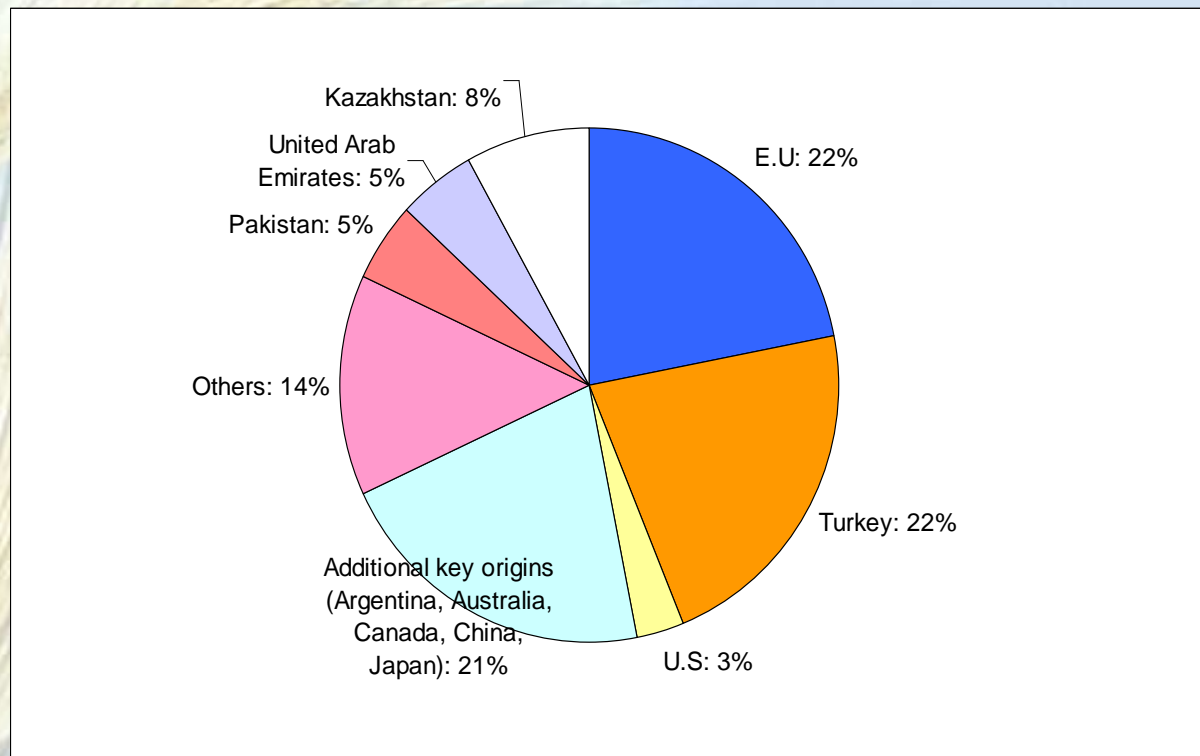
- The EU maltsters: 48% of world's malt production and half of world's malt export
- The EU is exporting to all continents; growing markets in Asia, Latin America and Africa
- Need to secure best conditions on these markets

EUROMALT - EU maltsters

- Main issue: level playing field vis-à-vis third countries on export markets
- Ex: ASEAN-Australia Free Trade Agreement disadvantaging EU exports. Result: 30% drop in EU exports to Thailand in one year.
- Recommended action: proactive trade policy by the EU to achieve best conditions in third countries' markets
- EU agreements with ASEAN, India and Mercosur important

EUROFLOUR-flour exporters

Euroflour members account for around 95% of all EU flour exports and for 22% of world flour trade



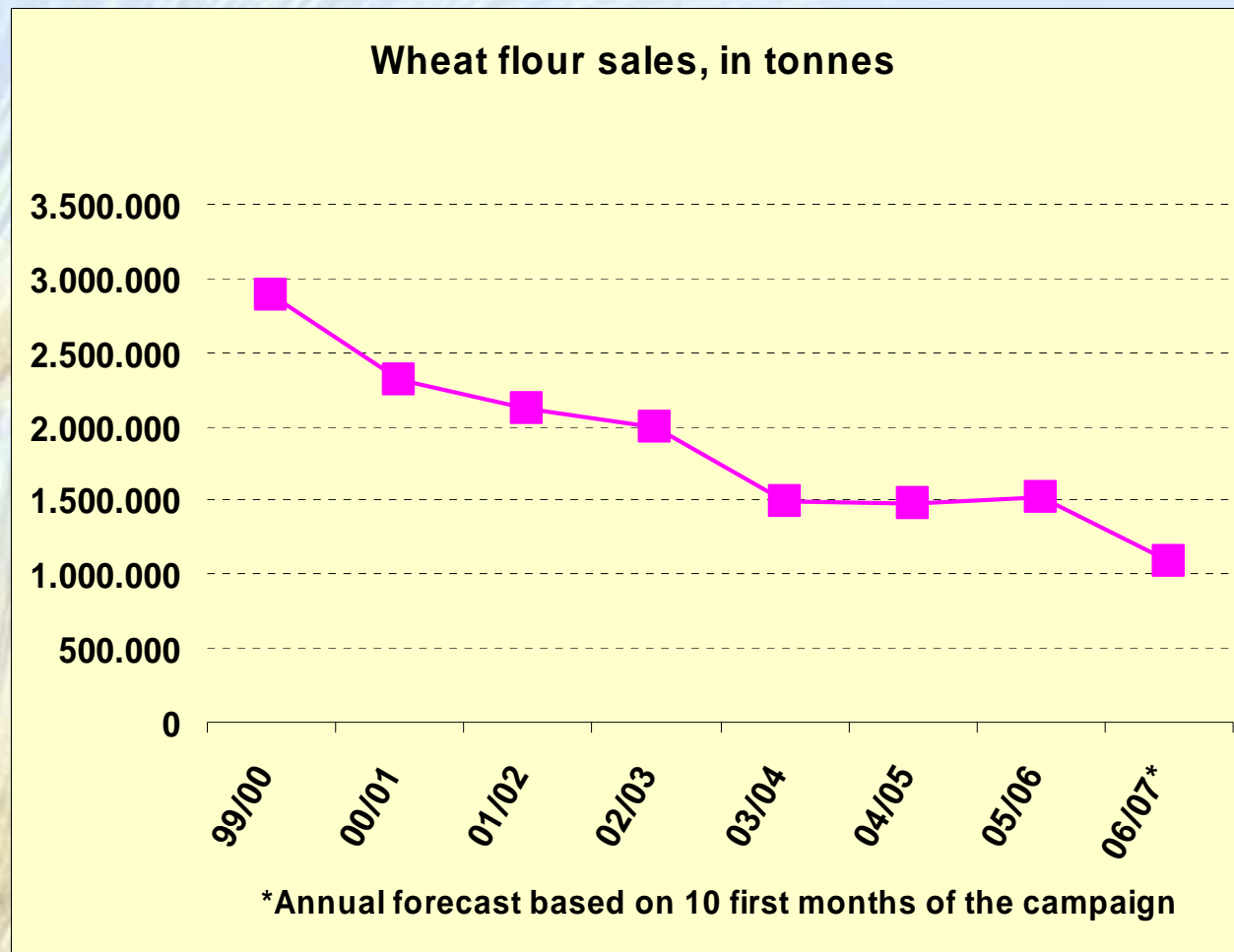
Source: IGC in World Grain, August 2006

Flour market trends

- World flour market is mature
- Despite measures to adjust, the EU has structural production overcapacity
- This is also the case of major competitors (ex. Turkey)
- Over the last years, EU flour exports constantly falling
- Losses due to:
 - competition with other producers (sometimes unfair, for ex. Turkey)
 - gains in local production capacity on traditional export markets



EUROFLOUR: Wheat flour market



Major export destinations for EU flour

- ACPs – over half of all exports
- Lybia
- South America



ACP - Tariff and non-tariff barriers

Depending on the destination, import taxes plus other levies could go up to 50%

Ivory Coast	20 %	Price regulations/Specifications
Senegal	25 %	Price regulations
Cameroon	25 to 40 %	Impossible specifications
Nigeria		Imports forbidden to protect the local industry
Benin	20 %	
Burkina Faso	20 %	The total cumulative tax, including import tax, reaches 48%. This also includes VAT which is non refundable for the importers!
Niger	20 %	Importers are obliged to purchase 10 % of wheat flour from the local producers
DRC Congo		Constant changes in the import regulations
Madagascar	20 %	Excise duties (on importers and local producers) depending on the fiscal year In addition, a levy on imported flour Cumulative taxes can represent up to 45 % Advantage for Mauritius that pays only 10 %.
Suriname	20%.	Import tax although there is only one small local producer Alleged reason: preference to the producers in the CARICOM bloc over the EU.
Mali	20%	Plus a variable additional tax depending on the market situation

EUROFLOUR position on EPAs

- Interests of EU producers and exporters cannot be left aside
- Import taxes on flour shed local millers from efficient competition. This results in high bread prices; governments forced to subsidise bread – money better spent elsewhere
- More workforce needed in import distribution than in production (automatic milling)



- Low scale wheat purchase & flour production often not viable; certainly not in the long term
- No export refunds – the Commission needs to defend EU flour exports
- Acceptable import duty not higher than 5%

Key messages

- Predictability is essential
- Proactive trade policy by the EU to achieve the level playing field with the competitors in third countries' markets
- EPAs: active support for the position of the EU flour exporters



Thank you for your attention !

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