Feed Industry Perspective on EU Protein Production

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FEFAC President

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Vienna
What is FEFAC?

• European Association of Compound Feed Manufacturers
• Founded in 1959
• Association of associations
• 23 Member Associations from 23 EU Member States
• 159.1 mio. T of industrial compound feed production in 2017
• 8 people secretariat in Brussels
Global compound feed production in 2017 (1,053 mio. t)

Source: FEFAC / Alltech
EU-28 Livestock sourcing in feedingstuffs – 488 mio. t in 2017

Source: FEFAC / EU Commission

- Forages: 235
- Home-grown cereals: 159
- Purchased straight feedingstuffs: 53
- Industrial compound feed: 41

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DEVELOPMENT OF PLANT PROTEINS IN THE EU
Feed material consumption by the EU-28 feed industry in 2017

- Feed cereals: 50%
- Co-products from Food & Bioethanol Industries: 11.5%
- Oils & Fats: 2%
- Cakes & Meals: 26%
- Pulses: 1.5%
- Dairy products: 0.5%
- Dried forage: 1.5%
- Minerals, Additives & Vitamins: 3.5%
- All others: 4%

Source: FEFAC
EU Protein Plan

• Announced by Commissioner Hogan at FEFAC Congress June 2017
• Feed industry the most important potential purchasers of EU grown protein
Agronomical strengths and weaknesses of cultivating vegetable protein in the EU

**Strengths**
- Contribution to reduction of EU protein deficit (strategic aspect)
- Positive environmental contribution (N-fixing crops)
- Useful to meet specific niche market demand

**Weaknesses**
- Lack of competitiveness without direct price support via coupled payments
- Need to allocate land resources in the most efficient way

“The feed and livestock industry rapidly reacts to the availability feed materials”
Animal nutrition: Linking high quality protein sources with physiological requirements

All these parameters matter when considering a feed protein supply!
Evolution of EU protein supply self sufficiency (%) « The old way »

Source FEFAC 23 November 2018
The new way: Contribution of feed materials to protein supply and level of EU dependency in 2016/2017
EU lost preferential buyer status 10 years ago

Evolution of market share of global SBM equivalent imports (source: USDA)
Reducing geopolitical vulnerability & stimulating responsible production standards

Share of global soybean exports by country (in percent)

- Brazil: 48.6%
- U.S.: 37.4%
- Paraguay: 3.9%
- Argentina: 2.8%
- Other

Estimates, 2017-18 marketing year; data published in April.
Source: U.S. Department of Agriculture.
EU protein deficit: A long-standing issue

- Report (1973) followed on US & Brazil self-imposed export restrictions
- European Community protein deficit 80%
- Meat and bone meal included!

In these circumstances, the Commission notes that it would seem to be in the general interest for the Community to make an effort to avoid an excessive increase in dependence on imported supplies of proteinic products during the next five years.
4.3% self-sufficiency “feed cakes” (1973)

Table 2: Origin of the products used for animal feeding in the enlarged Community and degree of self-sufficiency during the 1971/72 crop year.

<table>
<thead>
<tr>
<th>Origin:</th>
<th>HBC</th>
<th>Non-member countries</th>
<th>Total</th>
<th>Degree of self-sufficiency (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(a)</td>
<td>(b)</td>
<td>(c)</td>
<td>(d)</td>
</tr>
<tr>
<td>(in 1,000 tons)</td>
<td></td>
<td></td>
<td></td>
<td>(a : c)</td>
</tr>
<tr>
<td>1. Cereals</td>
<td>50 975</td>
<td>16 693</td>
<td>67 668</td>
<td>75.3</td>
</tr>
<tr>
<td>2. Leguminous vegetable seeds (field beans, etc...)</td>
<td>890</td>
<td></td>
<td>890</td>
<td>100</td>
</tr>
<tr>
<td>3. Cake incl. soya</td>
<td>612</td>
<td>13 619</td>
<td>14 231</td>
<td>4.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7 323</td>
<td>7 323</td>
<td>0</td>
</tr>
<tr>
<td>4. a) Fish meal</td>
<td>423</td>
<td>966</td>
<td>1 389</td>
<td>30.5</td>
</tr>
<tr>
<td>b) Meat meal</td>
<td>637</td>
<td></td>
<td>837</td>
<td>100</td>
</tr>
<tr>
<td>5. Grass meal (lucerne, etc....)</td>
<td>1 347</td>
<td>-</td>
<td>1 347</td>
<td>100</td>
</tr>
<tr>
<td>6. Milk powder</td>
<td>1 221</td>
<td>-</td>
<td>1 221</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: DG VI Estimate
The proven record of plant breeding innovation

25. The further development of certain technologies for animal nutrition, particularly those which are currently restricted, is essential for improving feed efficiency and reducing environmental impacts.

Benefits of rapeseed meal drive increased usage in feed production
What future for EU plant breeding innovation?

Industry shocked by EU Court decision to put gene editing technique under GM law

By Sarantis Michalopoulos | EURACTIV.com

Overview international legislation Germany/France: rules for non-GM animal feeding

<table>
<thead>
<tr>
<th>Animal Species</th>
<th>Period in Germany</th>
<th>Period in France</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef cattle</td>
<td>Twelve months and in any case at least three quarters of their life</td>
<td>One year before slaughtering or ¾ life if slaughtering before 1 year old</td>
</tr>
<tr>
<td>Small ruminants</td>
<td>Six months</td>
<td>One year before slaughtering or ¾ life if slaughtering before 1 year old</td>
</tr>
<tr>
<td>Pig meat</td>
<td>Four months</td>
<td>One year before slaughtering or ¾ life if slaughtering before 1 year old</td>
</tr>
<tr>
<td>Broilers</td>
<td>Ten weeks</td>
<td>3 days old chick</td>
</tr>
<tr>
<td>Layers</td>
<td>Six weeks</td>
<td>3 days old chick or 6 weeks before eggs production</td>
</tr>
</tbody>
</table>
Feed market opportunities and challenges

• Nutritional quality of EU vegetable protein is key
• “Non-GM” premium can help the growth of EU vegetable protein in niche markets, **BUT**:
  - Urgent need for harmonization on “non-GM” feed specifications
    - No level playing field - single market principles under pressure
  - Organic feed – more restrictions than opportunities
    - At least 30% of feed should come from farm (pigs and poultry)
    - Use of synthetic amino-acids is forbidden
      - Less possibilities to optimize feed formulation
      - Excess of proteins leads to nitrogen excretion

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THE FEFAC 2030 Animal Feed Industry Vision

FEED INDUSTRY ANIMAL FOOD CHAIN SOLUTIONS

Feed safety management capacity building
Accommodate animal welfare demands
Increasing nutrient efficiency
Co-operation between control authorities & industry operators

Preservation of animal health to reduce need for antibiotics
Facilitate responsible sourcing
Risk management optimisation along the feed chain
Develop new resource efficiency indicators

Improve the quality & nutritional value of food products
Measure the environmental performance of feed production
Thank you for your attention

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