Trade constraints and opportunities: impacts on EU agri-commodities cost of supply

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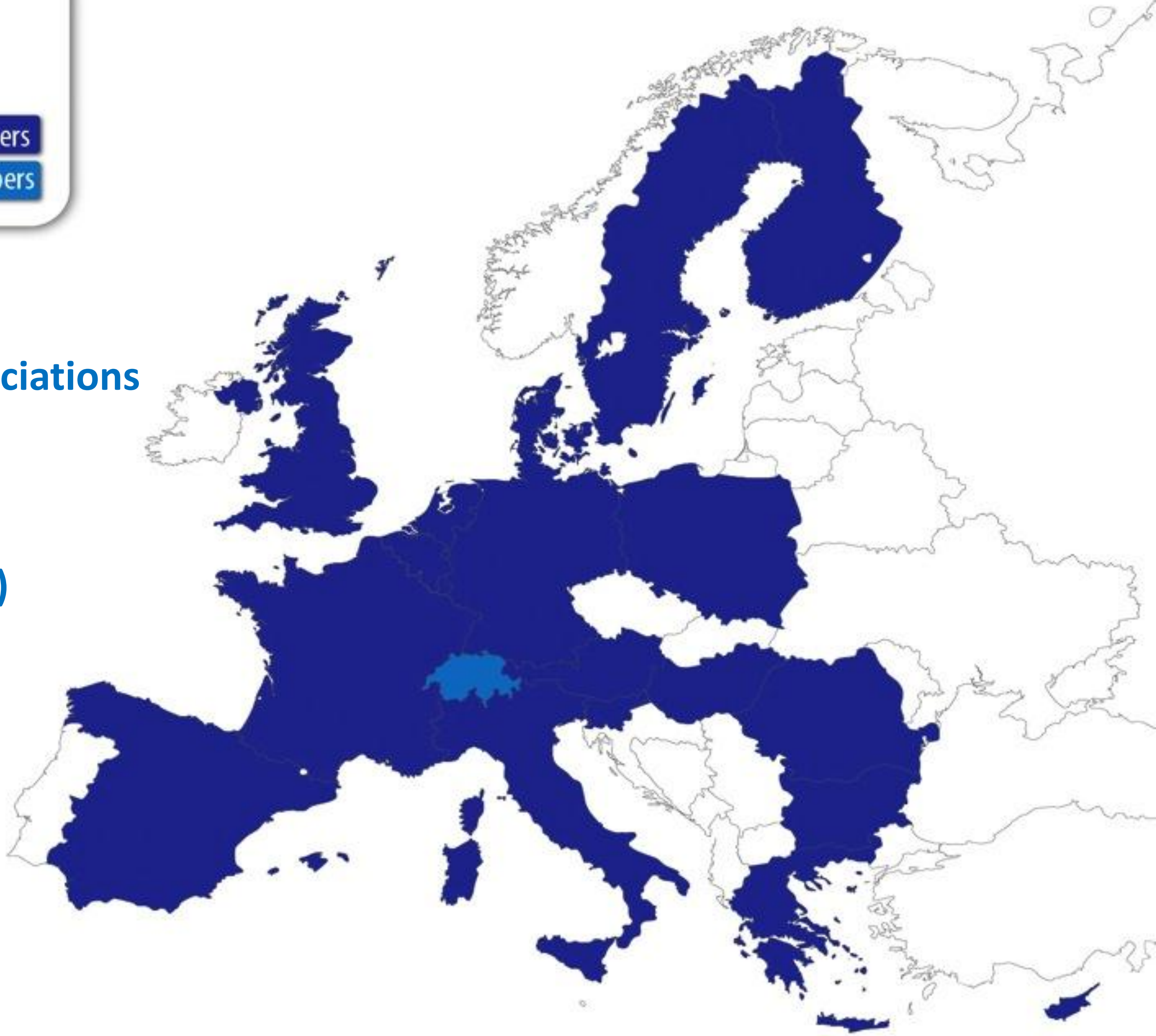
COCERAL Members

Associate Members

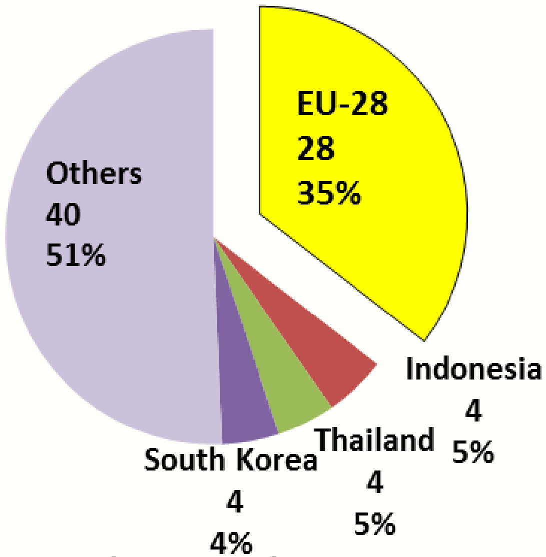
- 31 Member Associations
- 19 EU countries
- 1 Associated (CH)
- 2700 companies



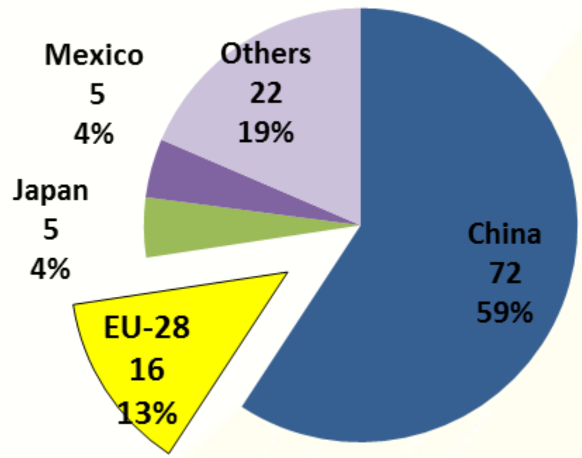
Food & Feed chain
COCERAL representation

EU: A major importer of agricultural products Nr 1 in meals, Nr 2 in oilseeds and oils, Nr 4 in grains

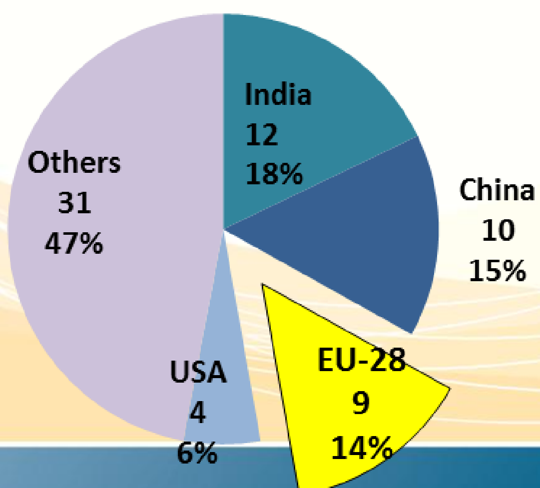
Meals 80 mln t



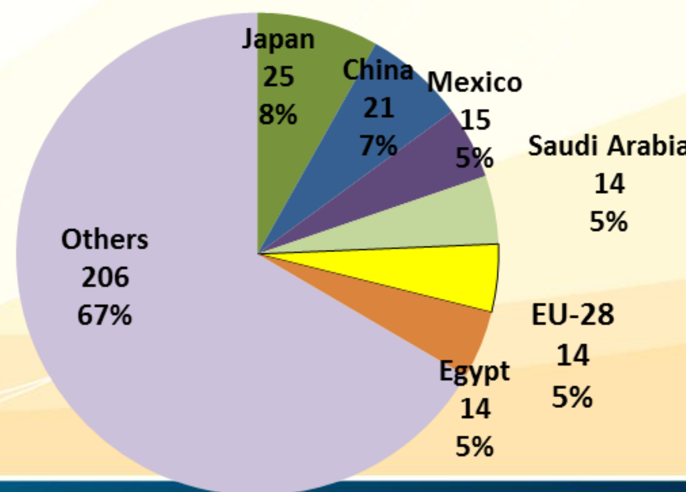
Oilseeds 121 mln t



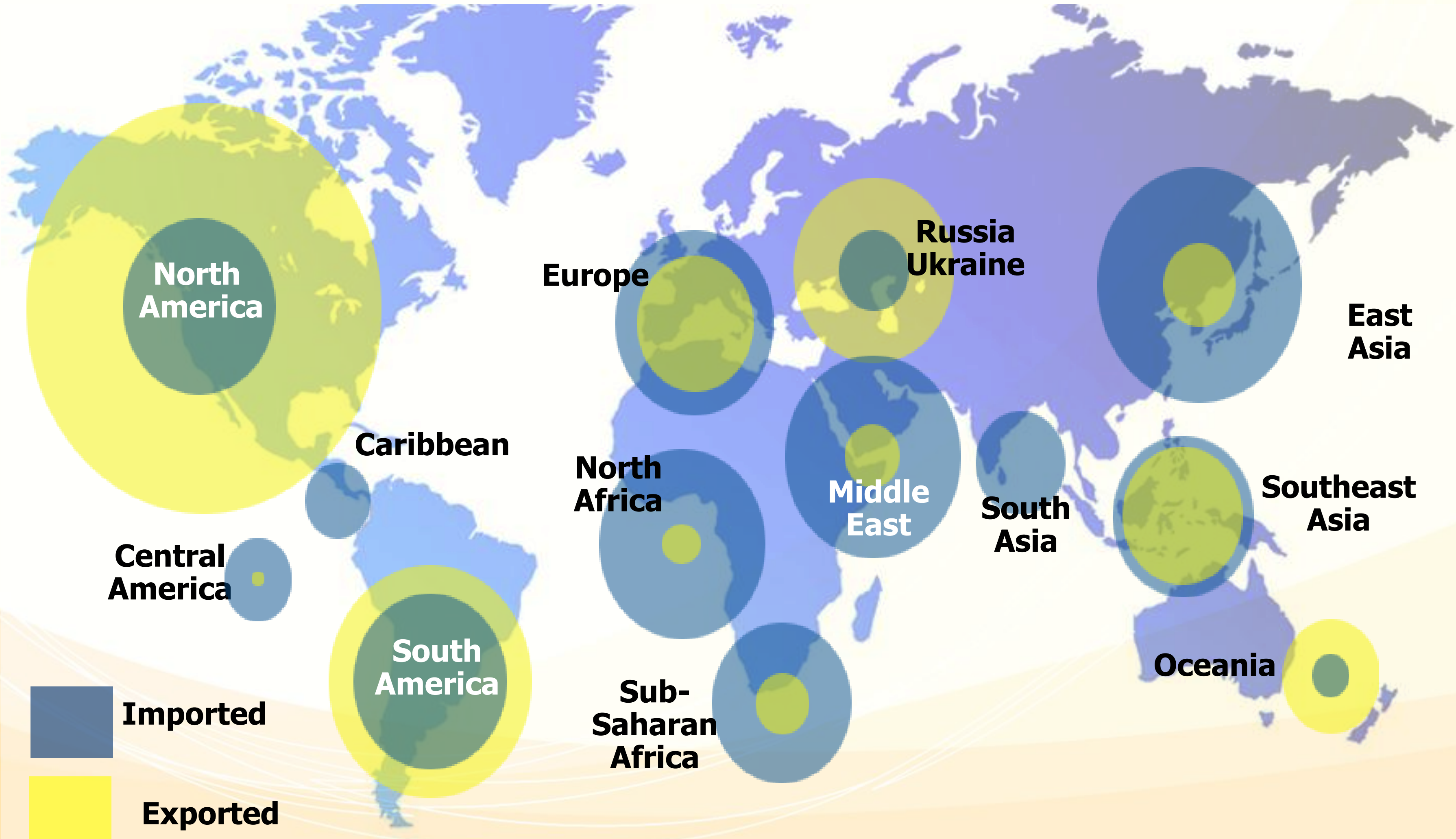
Oils 66 mln t



Grains 309 mln t



Bulk grains handling system
Global grain trade today: buyers and sellers



Traditional trade barriers: Tariffs

→ Trend towards trade liberalisation tariff reduction or elimination

- Critical for competitiveness of your industries
- There is an attention to level playing field when assessing consequences of bilateral FTA
- Flour/biodiesel/starch

- We will continue to monitor and watch possible evolutions and disruptions
- Trade does adapt to the new environment led by political decisions

Non tariffs trade barriers

→ **Technical and Sanitary-Phytosanitary constraints**

3 major implications:

1. Economical
2. Legal and compliance
3. Practical implementation and costs generated/headaches

- Technical barriers to trade are strengthening
- Policies often based on zero tolerance or reduced limits
- Emerging environmental and sustainability requirements to meet societal expectations
- Our own ability to create our barriers for Europe and within Europe

3 Topics

1. Food and feed safety and regulatory issues
2. Sustainability criteria/environmental
3. LLP and GMO presence

Food and feed safety

The must and our duty to and secure safe food and ingredients all along the chain

Food /Feed safety

- HACCP/traceability and third party certification at every stage of the supply chain is the sound basis for a solid food and feed safety system: this has been largely implemented and will continue to progress
- It is the responsability of every company/stakeholder
- As sector we can support the drive towards continuous improvement
- A risk at sight: mixing up legal compliance constraints to contractual and reputation/liability constraints

Plant Protection: a shrinking toolbox

- Progressive erosion of active substances authorised for plant protection products
- Few storage insecticides are authorised today for protecting grains and oilseeds during transport and storage
  - Little or no commercial interest for developing new active substances
- Maximum residue limits (MRLs) continue to be revised down to the level of detection
- Discrepancies with active substances/MRLs authorised in third countries

The opportunity

- Trade is a link in the supply chain and together with PFP we are on the front line on these topics
- Further enhance our collaboration to promote a science-based set of rules/limits and manageable modus operandi in collaboration with authorities at European level for an harmonised implementation
- Continue to streamline practices, monitoring and control to have robust monitoring schemes/systems and manage costs

Sustainability

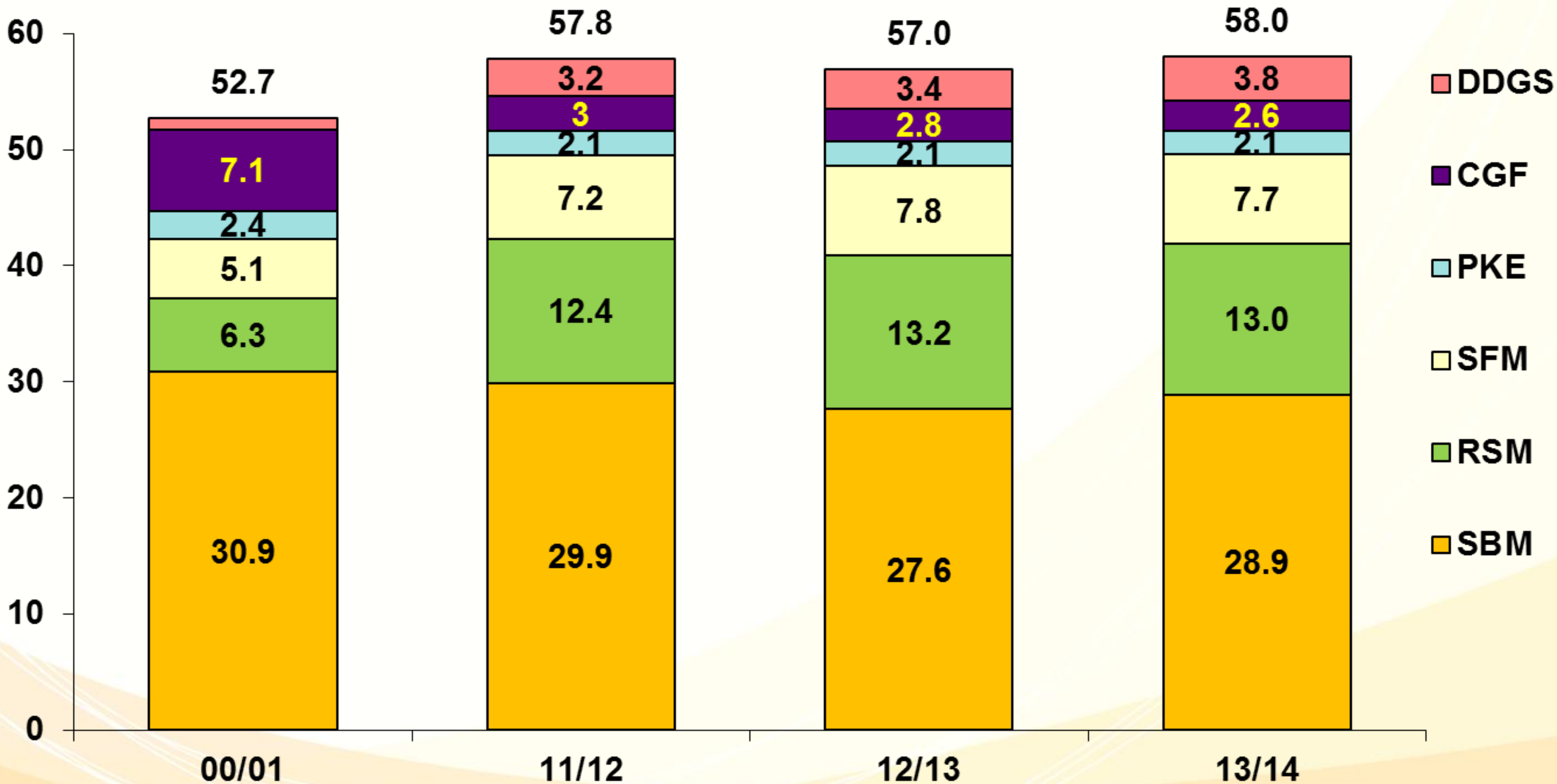
Work in progress

Discovering the right balance for the future while not compromising the present!

Sustainability criteria

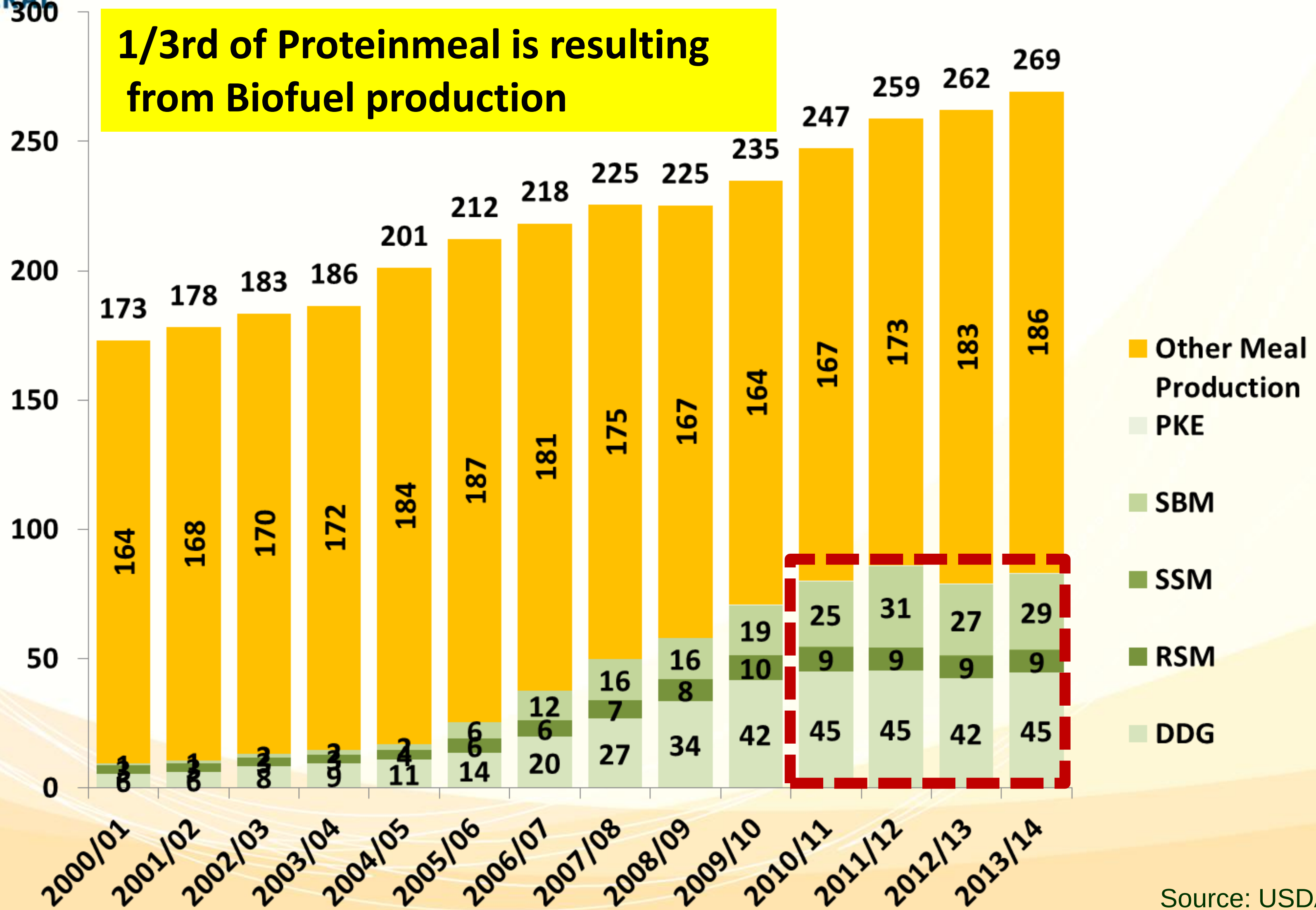
- Sustainability criteria today are binding for biofuel raw materials
  - Strong economical implications
  - Set up of complex rules and complex implementation
  - Lack of harmonisation/mutual recognition is generating difficulties and costs, intra Europe and with third countries
- On the food/feed markets, not (yet) mandatory criteria but private certification/commitments for sustainable sourcing are on the increase and can/will generate various type of offerings
- Not compromising the present, we keep being very attentive to the protein supply: biofuels industry is today a key driver of the protein market

EU-28: Meal use (mln t)



Source: USDA, Toepfer

Growth of proteinmeal production and impact of biofuel-driven co-products



Source: USDA, Toepfer

GMO and LLP

Little progress and
additional risks of disruption

GM Low Level Presence: the major challenge to EU trade

"Zero tolerance" policy for GMOs not authorized in EU

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Increasing acceptance of GM technology in third countries

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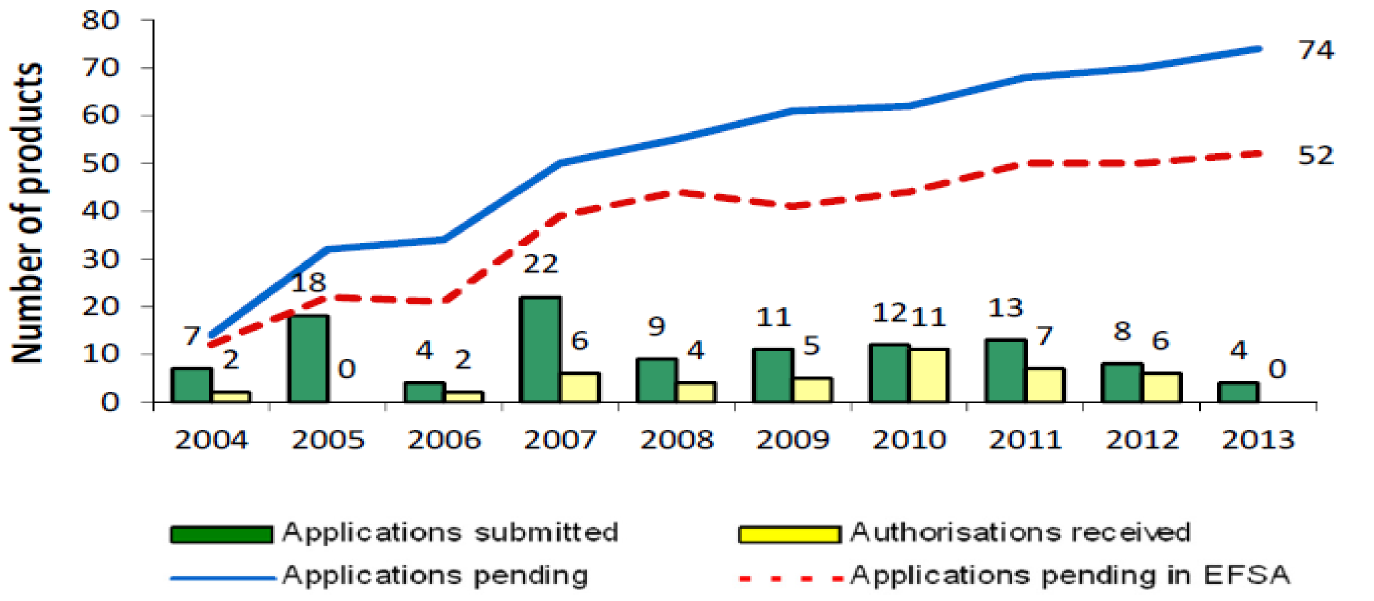
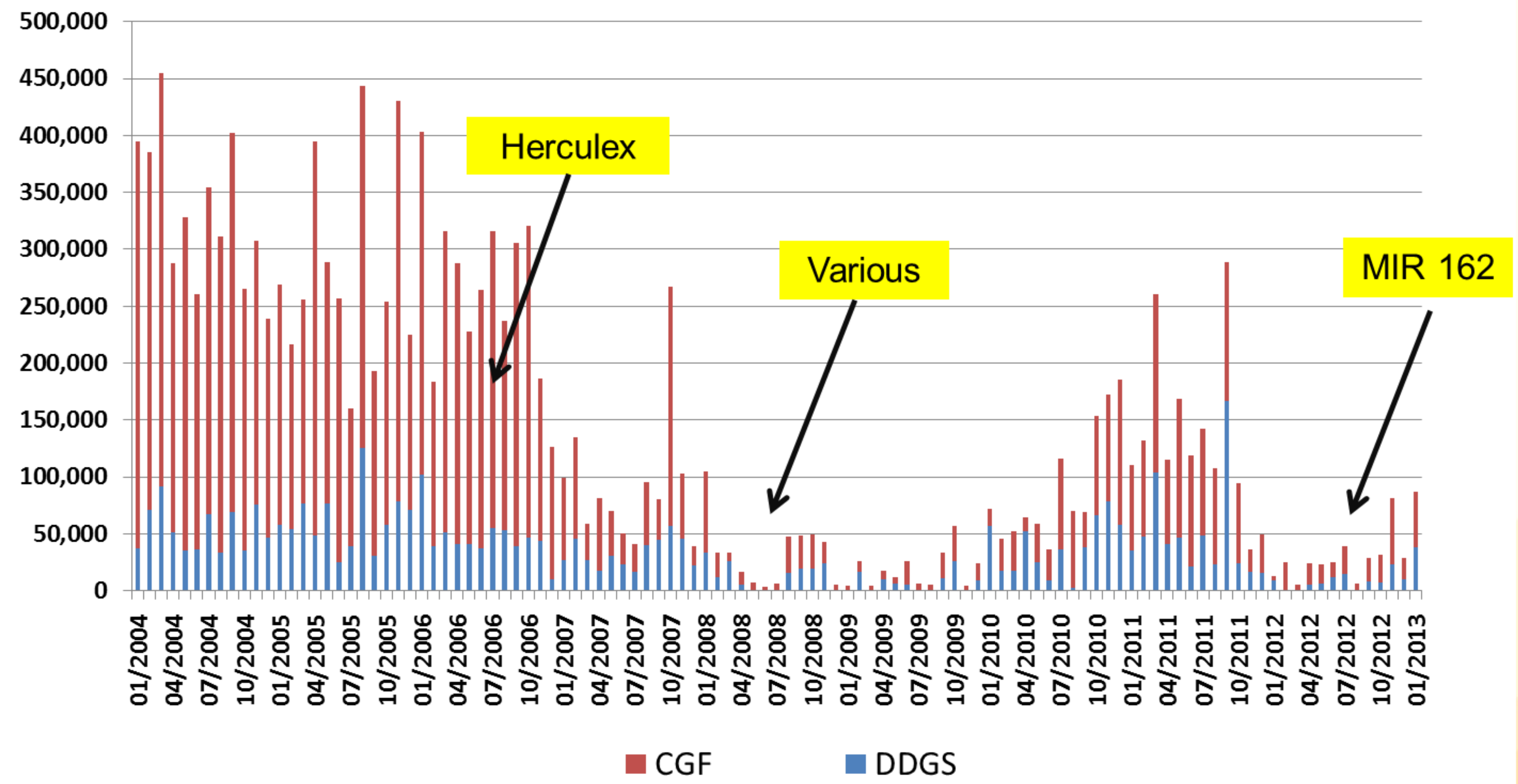
High risk of finding LLP of GMOs in imported commodities for the EU industry

Status of the GM authorization process in the EU



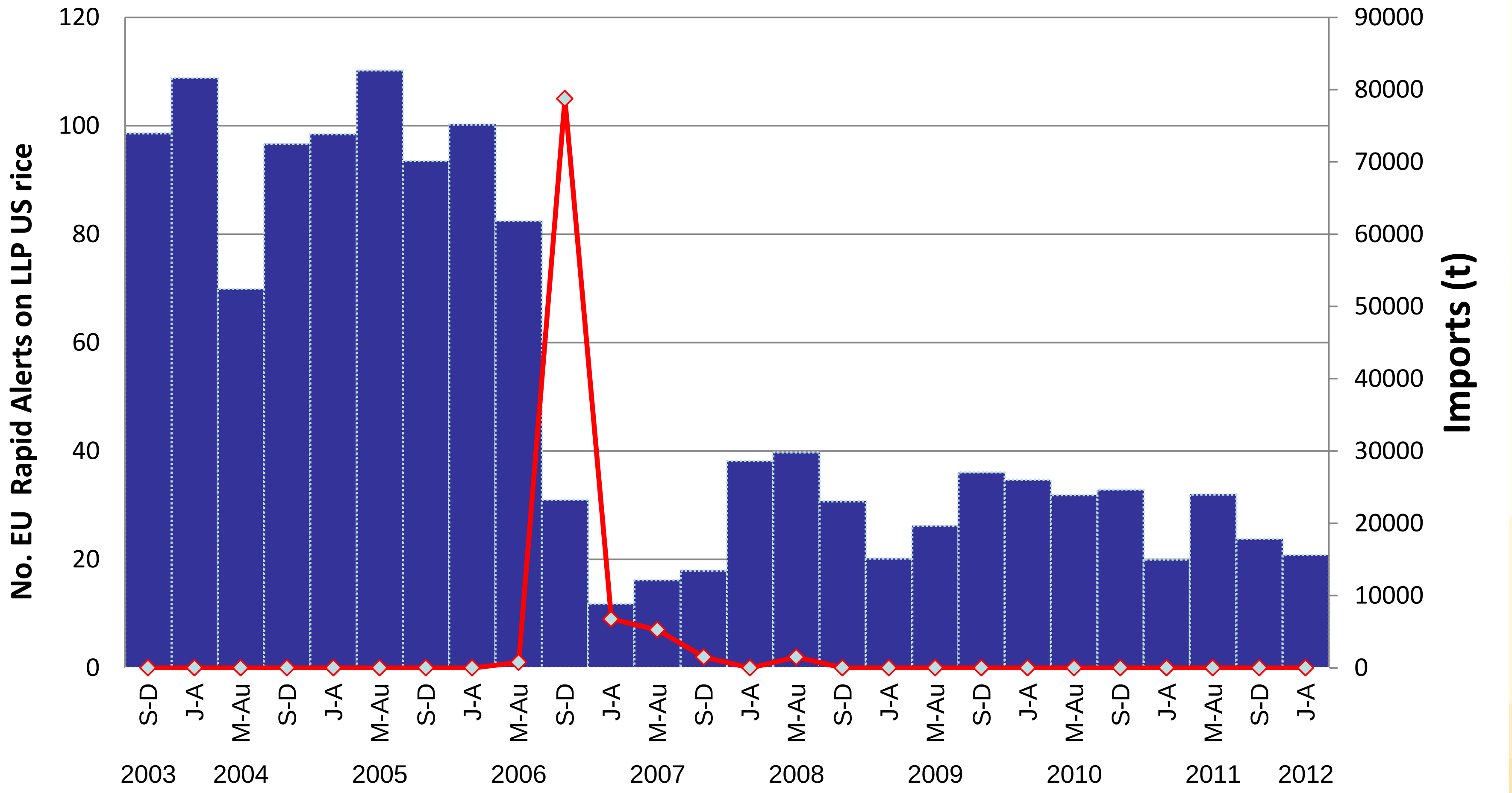
- 48 traits are authorised in total; 74 traits in the authorization system
- Timeline: cultivation authorization up to 13 years; import authorization 3.7 years on average
- Forecast: more than 100 traits pending in the authorisation system by 2015, unless something changes

Trade impact: EU import of Corn Gluten Feed (CGF) and Dry Distiller's Grains (DDGS) from the US - tons



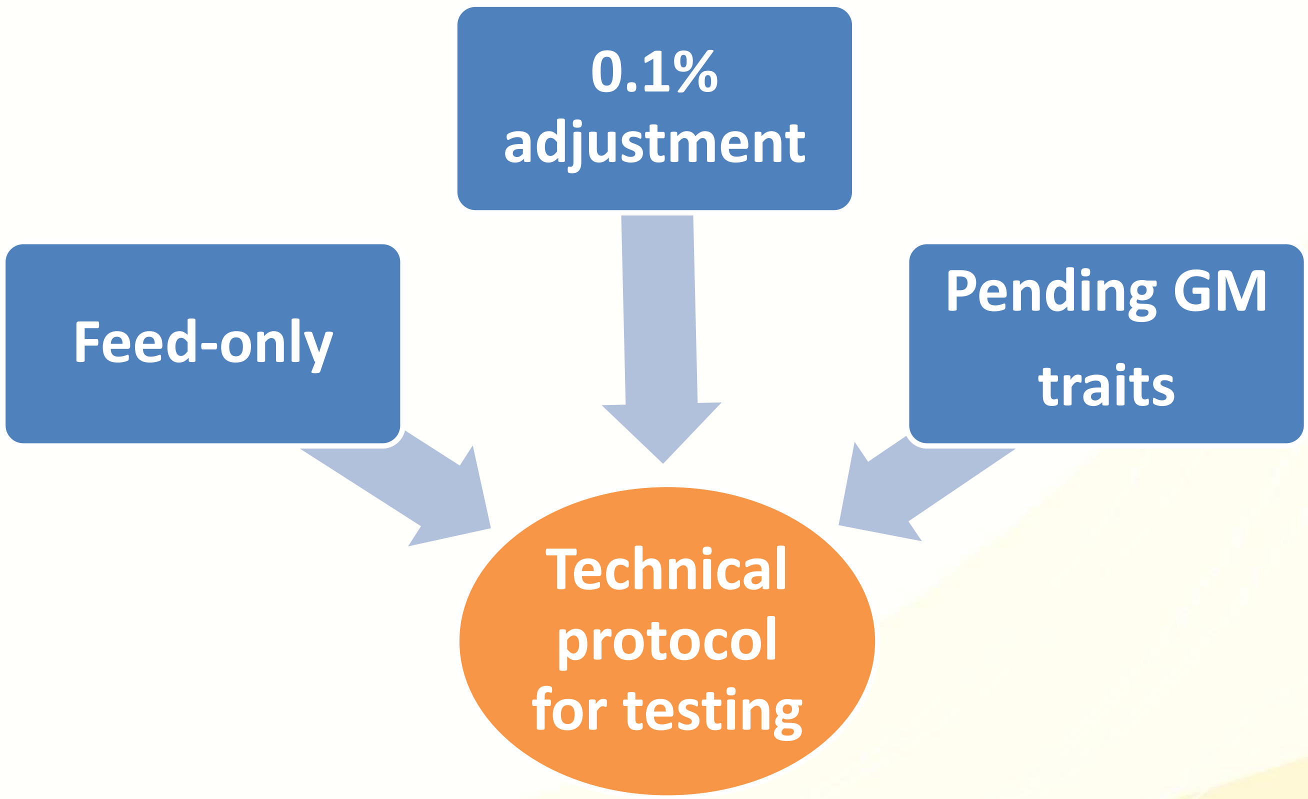
Source: GTIS, Toepfer

Trade impact: EU imports of US origin rice (2003 – 2012) in tons



Source: Eurostat, RASFF

"Technical Solution":
a tool of limited scope and application



The protocol does NOT address LLP : it ONLY defines what it means the "zero tolerance policy" in practice

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LLP policy: need for a long-lasting strategy

Legal certainty to EU operators

Technical protocol for Food & Feed

Viability of supply of raw material to the EU

EU policy for LLP

- Applicable to all imported food and feed
- Applicable to all GM traits authorized in third countries
- Based on a workable marketing threshold

Opportunities to overcome trade barriers

- Free Trade Agreements
  - Regulatory cooperation is the key area
- International initiatives
  - Standardisation, adoption of internationally-recognised standards for the 3 topics we have reviewed
- Multi-stakeholders platforms at European and international level

COCERAL:
Working together to make trade work

Thank you for your attention

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