

Primary food processing

Cornerstone of plant-based food production and the bio-economy in Europe

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Plant-based primary food processing

- First stage processing of agricultural raw materials
- Conversion into ingredients of consistent and defined quality for use by consumers, secondary food manufacturers, compound feed manufacturers and industrial users



Primary food processing

- Vegetable oils
- Vegetable proteins
- Grain mill products
- Starches
- Sugar
- Cocoa



Primary food processing

- What is the contribution of the primary food processing industries to the whole of the food and drink industry, and to the whole of the European economy?
- What specific role do the primary food processing industries play in the food value chain?
- What factors will impact the future of the primary food processing industry in the EU?

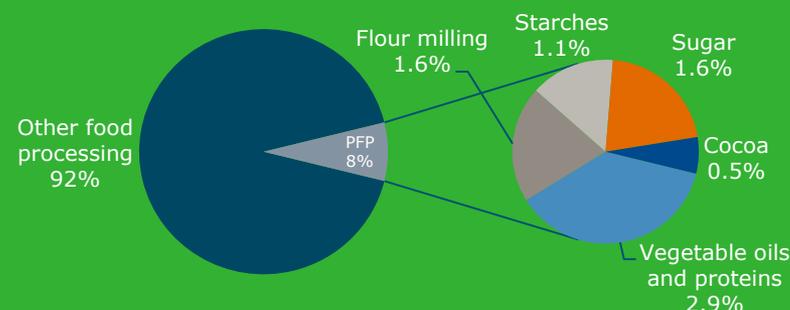
Production value increased despite crisis

- Total production value in the EU is estimated at €66bn in 2013, decreased to €61bn in 2014
- Production value increased despite crisis, with exception of sugar
- Price volatility e.g. in sugar and bread markets
- 8% of production value of EU food processing industry

Production value of primary food processing, 2005-2014, Source: Eurostat



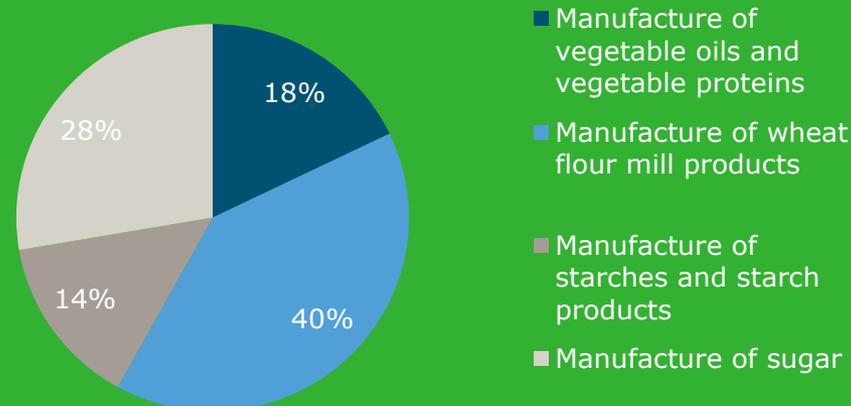
Division of production value of food manufacturing and primary food processing, in 2013, in %, Source: Eurostat PRODCOM and Eurostat SBS.



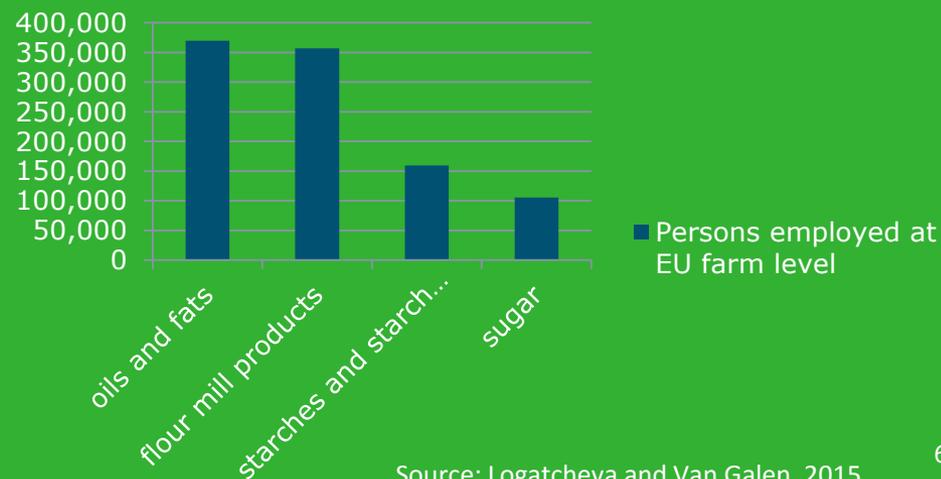
Employment for over one million people

- Over 120,000 people directly employed in around 4,000 companies
- Indirect employment at EU farm level is estimated at almost 1 million
- Figures based on industry data on crops sourced from EU, Eurostat weighted average EU labour input per hectare of farming type, and FAOSTAT yields
- Excluding other indirect employment and excluding cocoa

Number of persons employed, x 1,000



Persons employed at EU farm level



Investment and R&D

- 17% of investment value of food processing industry
- R&D targets production efficiency, safety and sustainability, bio-chemicals, bio-refinery and other bio-based processes. Starches, sugars and oils have a huge potential to contribute to a bio-based economy
- Patents are widely used
- Some of PFP companies are top-R&D performers in EU



Opportunities

New markets

Competitive edge

Bio-based demand
World food demand
Product innovation

Close to market, close to source and close to trade hubs
Responsiveness of the supply chain

Process innovation to improve environmental performance, lower costs, and be a preferred supplier

Consolidation for cost reduction
Integration for increased transparency and limitation of risks

Sustainability

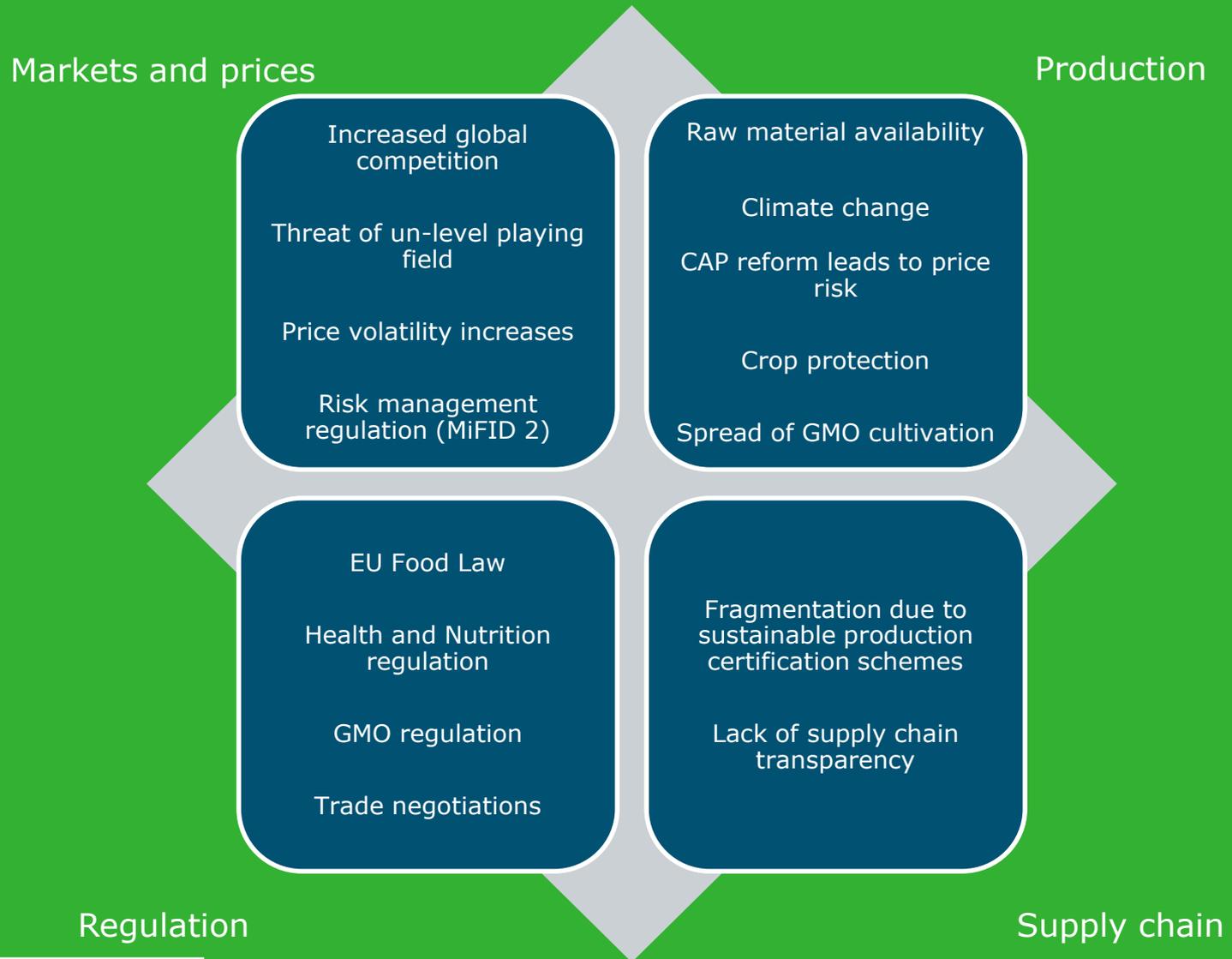
Supply chain



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Threats to the Industry



Additional conclusions

- PFP are important link in many EU food and bio-based supply chains.
- 200m tonnes sourced from EU farmers. This makes a competitive primary food processing industry also an important pillar for rural development and farm income in the EU.
- Have a central position in food, feed, non-food industrial and energy.
- Major developments in industry like decreasing number of plants/concentration.
- Are major players on the European and world agricultural markets, and have a stake in global agricultural raw material security.
- PFP industries have invested in product innovation, making these companies real innovators and R&D performers.

Thank you



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