Agribusiness 2018

Taking a lead in Agri-Food Policy post-Brexit

EU BREXIT negotiations

A perspective from FEFAC & EU agrofood chain partners

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aic
agricultural industries confederation

Introduction

- Update on economic impact assessments for Agro-food chain
- Position statement on BREXIT by FEFAC and EU Agro-Food Chain partners
- « The view from Brussels »
- Outlook on next steps

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UK Trade compound feed & premixtures with EU-27 (in tonnes)

CN	Composition	Type of feed	Import 2016 (tonnes)	Export 2016 (tonnes)	Import duty
23099031	Starch<10% Milk products <10%	Fish feed?	5,065	13,350	23 €/t
23099033	Starch<10% 10%<Milk products <50%	Piglet feed?	1,571	1,011	498 €/t
23099035	Starch<10% 50%<Milk products <75%	Milk replacers?	6,505	336	730 €/t
23099039	Starch<10% Milk products >75%	Milk replacers?	1,923	93	948 €/t
23099041	10%<Starch<30% Milk products <10%	Fish feed?	14,788	91,554	55 €/t
23099043	10%<Starch<30% 10%<Milk products <30%	Piglet feed?	762	2,944	530 €/t
23099051	Starch>30% Milk products <10%	Complete cereals based feed	225,694	65,849	102 €/t
23099053	Starch>30% 10%<Milk products <50%	Piglet feed?	354	12,601	577 €/t
23099070	Starch=0 Milk products>0	Milk replacers?	22,232	15,905	948 €/t
23099096	Starch=0 Milk products=0	Premixtures?	60,721	111,203	9,6%
Total			**339,705**	**314,895**	

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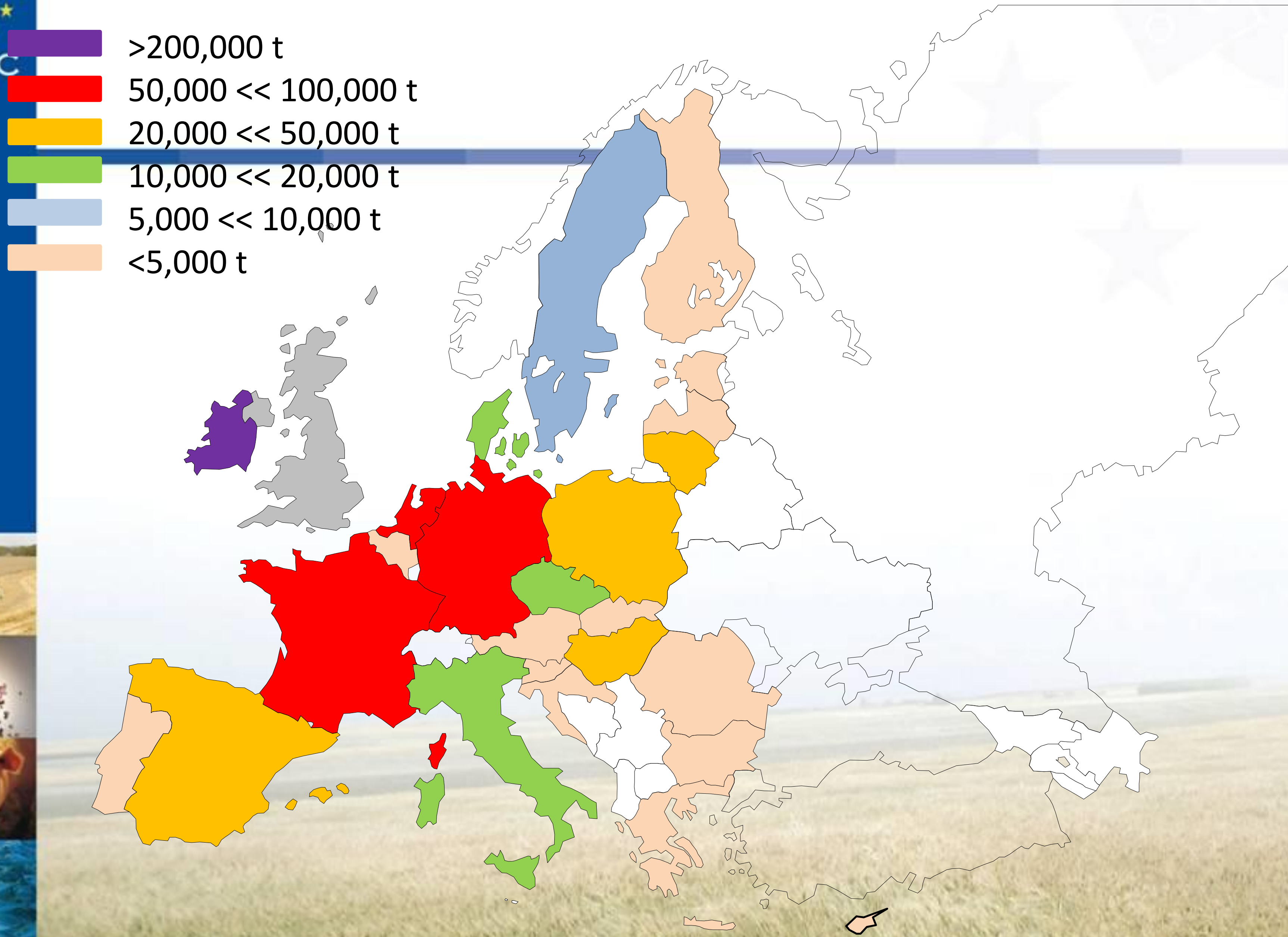
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UK Trade compound feed & premixtures with EU-27 (value in K€)

CN	Composition	Type of feed	Import 2016 (value)	Export 2016 (value)
23099031	Starch<10% Milk products <10%	Fish feed?	10,014	49,539
23099033	Starch<10% 10%<Milk products <50%	Piglet feed?	1,529	1,233
23099035	Starch<10% 50%<Milk products <75%	Milk replacers?	7,890	614
23099039	Starch<10% Milk products >75%	Milk replacers?	2,542	101
23099041	10%<Starch<30% Milk products <10%	Fish feed?	15,129	27,620
23099043	10%<Starch<30% 10%<Milk products <30%	Piglet feed?	743	2,681
23099051	Starch>30% Milk products <10%	Complete cereals based feed	180,166	42,503
23099053	Starch>30% 10%<Milk products <50%	Piglet feed?	469	9,063
23099070	Starch=0 Milk products>0	Milk replacers?	25,509	16,688
23099096	Starch=0 Milk products=0	Premixtures?	60,303	151,108
Total			**304,412**	**301,207**

EU grain and feed trade impact assessment

- **COCERAL / FEFAC / PFP**

- **1,4 Bio € Total value of grain & feed trade** covering all major grains and oilseeds plus feedstuff, such as oil meals, grain-by-products, PKE and Beet Pulp Pellets (BPP);

- Most affected commodities : wheat (1), barley (2), corn (3), corn gluten feed (4) and soymeal (5).

- UK feed wheat has historically been exported in large volume to Europe – currently this is not the case due to current UK bioethanol and feed demand

- However, relative importance of transshipment between EU and UK via Rotterdam remains “greyzone” area, as Eurostat figures do not allow discrimination of “final” EU destination

EU agro food chain impact assessments

- Total EU-UK trade in goods €610 billion
- Food Drink Europe
  - EU27-UK trade in food & drinks ± €55 billion
- Copa-Cogeca
  - EU27 food & agriculture exports to UK: €45 billion
  - UK food & agriculture exports to EU27: £11 billion
  - UK a net importer, total trade worth €56 billion
- Most affected food & drink categories
  - Cheese, Beef & other meats and animal-derived products
  - Wine & spirits
  - Compound feed ranked N°6 (incl petfood) but key input to 9 out of top 15 food categories

EU agro food sector positions on BREXIT

- **COPA-COGECA**: *Farmers and their families shouldn't have to pay the price of Brexit*
- **FoodDrinkEurope**: *Need an extended period of transition…and post-Brexit arrangement should recognise the significant economic interdependency*
- **FEFAC**: *Comprehensive Free Trade Agreement between the UK and the EU-27, based on EU standards, would be the best outcome for the EU and UK feed & livestock sector*

EU agro food sector positions on BREXIT

- **COCERAL/UNISTOCK**:
  - Ensure adequate access for the UK to the EU Single Market and vice versa, including the prevention of tariffs, indirect taxes or regulatory barriers that could affect the trade and existing good business practices
  - Balanced agreement that maintains common customs practices and clearance procedures

The view from Brussels

- There is no blueprint , but genuine goodwill to reach amicable divorce settlement prevails
- EU will not compromise on key freedoms
- HOWEVER there is still a large room of manoeuvre between WTO « default » scenario (*in nobody's interest*) and single market access to move towards ***as close as possible*** trade relationship scenario as requested by AIC and all European Agro-Food trade associations

The view from Brussels

- **Michel Barnier - EU Commission :**

a free trade agreement can be reached within 3 years, starting from December [2017] !

- **Donald Tusk - EU Council :**

EU/UK negotiators achieved considerable progress… !!

- **Antonio Tajani -** European Parliament /

20 Bio € are peanuts… (?)

the timetable & process

- **June 2017** : Start
- **September 2018** : End = 14 Months of negotiation
- **October 2018** : Legal & Linguistic Revision
- **February 2019** : European Parliament by simple majority vote (incl. UK) ahead of general EP elections in May 2019
- **March 2019** : EU Council by Qualified Majority
- **April 2019** - UK leaves EU withTransition period (?)

Outlook e.g. next steps :
« Soft landing or …what? »

The day after…

The main short term focus of the EU/UK grain and feed trade is the UK/EU border & customs procedures & admin capacity to prevent a major logjam….hence need to achieve clarity and legal certainty for operators on transition period asap …. to run as long as possible!

The long run….

- UK must make its preferred choice on the shape& scope of future comprehensive, ambitious Free – Trade Agreement public SOON
- any future EU27-UK trade agreement must ensure minimal trade disruption by:
    - **Maximum collaboration** on SPS measures and technical standards
    - **Minimal divergence** in application of such standards

How to proceed?

- Regardless of the UK standards post-Brexit, any UK feed/food exporter wishing to trade with the EU under a free trade agreement has to comply with any EU food law relating to product standards
- EU should formally acknowledge final UK repeal bill as “equivalent” to allow continued trade during transition period on current conditions

Thank you for your attention

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#1
11 February 2016

EU Feed Industry raises Profile Animal Nutrition in 2016

XXVII FEFAC Congress in Antalya "Societal acceptance of livestock and feed production in the EU"

FEFAC and its Turkish member association Turkiyem-Bir will co-host the tri-annual FEFAC Congress, taking place in Antalya, Turkey on 21-22 April 2016. The event will focus on the holistic policy approach the European Commission presented in the Circular Economy Package to discuss the roadmap towards a more resource-efficient food and feed chain management. Key note speakers from the EU Institutions and feed & food chain partners will discuss the societal benefits of introducing new animal nutrition solutions, while safeguarding the high EU feed safety standards. Other dedicated sessions will discuss current developments in LCA methodology for environmental footprint calculations of feed production as well as soy value chain efforts and commitments in North- and South-America to produce and deliver responsible feed materials to the EU Feed industry.

FEFAC/FEFANA Conference "Innovation in Animal Nutrition" on 9 June 2016

FEFAC and FEFANA will hold a first invitational joint high-level stakeholder EU Conference on "Innovation in Animal Nutrition", in Brussels on 9 June 2016. The two European feed industry organisations will present their visions of a modern industry where central roles are played by innovation and public-private partnerships, which are key to shaping a smart, resource efficient Europe and meeting the EU Commission objectives on jobs, growth and investment.

The event aims at highlighting the need to foster the practical application of innovation in animal nutrition. FEFAC and FEFANA members are convinced that animal nutrition can further assist the EU livestock sector in addressing major global challenges such as climate change and antimicrobial resistance if more efforts are made to tackle EU regulatory bottlenecks.

A provisional draft programme of the "Innovation in Animal Nutrition" Conference on 9 June 2016 will follow shortly.

156.1 Million Tonnes Compound Feed Produced in 2015

Modest feed industry growth (0.2%) compared to 2014 - Market outlook 2016 pessimistic

Compound feed production in the EU-28 reached an estimated level of 156.1 million tonnes in 2015, according to data provided by FEFAC members. This is a 0.2% increase compared to 2014. Feed costs remained low and even decreased compared to 2014, due to a good 2015 cereals harvest in the EU, both in terms of quantity and sanitary status. In addition, there was a largely sufficient supply of oilseed meals globally, especially soybean meal. This compensated the still decreasing pigmeat quotations to a certain extent, at a time when pigmeat production continued to increase by close to 1% in 2015. FEFAC market experts share a more bearish outlook concerning industrial compound feed production in 2016, foreseeing a significant reduction in pig feed demand. See FEFAC's press release for a detailed analysis of the compound feed estimates of 2015 and a more in-depth market outlook for 2016.

Circular Economy Package proposes Exclusion from Waste Legislation for Feed

Oilseed meals and former foodstuffs clearly identified as non-waste

On 2 December 2015, the European Commission published the long-awaited Circular Economy Package, which included

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