



EU feed and food price inflation on the rise: FEFAC calls on the EU Commission to take firm action to curtail current speculation on the EU cereals market

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The quotations for wheat on the EU market have increased by 40% as from the beginning of July 2010 and there is no indication where and when this will stop. However, experts all agree that the fundamentals of the market do not support such a dramatic rise: even if the severe setback in the Russian and Ukraine harvest was to be confirmed, the harvest elsewhere in the world, including the EU, is high enough to meet the global demand while maintaining buffer stocks at a sufficient level.

FEFAC President Patrick Vanden Avenne stated that “Speculation on the cereals market is the key reason for the current price hikes. This affects all partners of the EU cereals chain who are raising serious concerns on artificial food price inflation. In addition, FEFAC worries about higher feed prices which could undermine the competitiveness of the EU livestock sector who is still recovering from the previous price shock in the 2007/2008 marketing year.” He therefore urged the EU Commission to immediately release EU intervention stocks of barley to help reduce market price volatility induced by speculation.

Presently, more than 5 mio. t of intervention cereals (mostly barley) are stored at public intervention. Placing such stocks back on the EU market is essential to help combat undue speculation and price volatility. Furthermore, it is an obligation imposed by the Court of Auditors who requested the EU Commission to resell intervention stocks in order to benefit from opportunities of high quotations thus saving public money.

Referring to concerns expressed by COPA-COGECA regarding the dysfunctional EU cereals market, Mr Vanden Avenne highlighted that “The present cereals market situation proves that futures markets as they function today, are not effective to assist farmers and their customers to manage increasing price volatility for essential commodities. We therefore invite the EU Commission to also reflect on any additional measures that would allow controlling excessive speculation on the futures markets.”

Note for editors

1. FEFAC, the European Compound Feed Manufacturers' Federation, represents 21 national Associations in 20 EU Member States as well as Associations in Switzerland, Turkey, Norway, Croatia, Serbia and Russia with observer/associate member status. The European compound feed industry employs over 110,000 persons on app. 4,500 production sites often in rural areas, which offer few employment opportunities.
2. Farm animals in the EU-27 consume an estimated 465 million tonnes of feed a year, of which about 30% are produced by the compound feed manufacturers. Turnover of the European compound feed industry in 2009 is estimated at € 40 billion.
3. For more information see our web site (www.fefac.eu) or please contact Alexander Döring, Secretary General Tel. +32-2-285.00.50, Fax +32-2-230.57.22, e-mail: fefac@fefac.eu.