



PRESS RELEASE

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NEW STUDIES CONFIRM SCALE OF IMPENDING FOOD MARKET CRISIS

FARMERS, INDUSTRY AND TRADE URGE EU AGRICULTURE MINISTERS TO TAKE PREVENTATIVE ACTION NOW TO AVOID DISRUPTION OF SUPPLIES

Brussels, 4 September, 2009.

The total cost impact of a looming crisis in the EU food and livestock feed chain could be between E3.5bn and E5bn, according to a report published today and broadly supported by new estimates from Wageningen University LEI of the potential impact.

"An avoidable market crisis", a study carried out by the industry and trade groups FEDIOL, FEFAC and COCERAL with the European farmer association COPA-COGECA, comes in response to growing concern over the potential scarcity of soybeans in the EU. Since minute traces of US-approved genetically modified maize not yet authorized in the EU were discovered in consignments from the US in June 2009, breaching the EU's policy of zero tolerance, around 180,000 tonnes of US soya have been denied entry to the EU.

EU operators have been forced to stop all imports of North American soybeans and soybean meal as, whatever precautions are taken, it is not possible to guarantee the absence of minute levels of foreign materials, other than by ceasing the trade altogether, a problem the EU's own Joint Research Centre has also recently identified.

With the current lack of alternatives to North American soy, this situation leaves Europe's farmers, livestock producers and agricultural trade, as well as food and feed processing industries, in an extremely precarious position. It would put the global competitiveness of the EU agricultural sector at risk. If unresolved, it could also lead to lay-offs in the trade, put already vulnerable livestock farmers out of business, and hit consumers through knock-on effects on choice, availability and price.

The food and feed chain coalition is therefore urging the EU to agree a solution at the Agriculture Council meeting on 7 September, before this becomes a full scale crisis. The EU should as soon as possible also set a practical EU "low-level presence (LLP) threshold" for GM events which, unlike the current zero tolerance policy, could be implemented and enforced, so protecting EU consumers' interests.

It is imperative that the EU Farm Ministers now give a clear mandate to the Commission to act. The coalition has been warning for a long time of the consequences of indecision leading to the export of the EU livestock and feed industry, but now time is finally running out.

ENDS***

NOTES TO EDITORS OVERLEAF

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About the coalition members

FEDIOL represents the interests of the European seed and bean crushers, meals producers, vegetable oils and fats producers/processors. Its members crush 30 million tonnes of oilseeds a year, and the EU industry serves the second largest world market of vegetable oils after China.

FEFAC is the European Feed Manufacturers' Federation. The European compound feed industry employs over 110,000 persons on around 4,500 production sites often in rural areas, which offer few employment opportunities. Farm animals in the EU-27 consume an estimated 470 million tonnes of feed a year, of which 150 million tonnes are produced by the compound feed manufacturers. Turnover of the European compound feed industry is estimated at 40 billion €.

COCERAL is the voice of the European cereals, rice, feedstuffs, oilseeds, olive oil, oils and fats and agrosupply trade. Its members are the national trade organisations of most of the EU-27 Member States, who represent collectors, distributors, exporters, importers and agribulk storers of the above mentioned commodities

COPA-COGECA is the united voice of farmers and their cooperatives in the EU. Overall membership of both organisations has risen to 76. COPA represents 15 million people working either full or part-time on EU farm holdings whilst Cogeca represents the interests of 40,000 farmers' cooperatives employing some 660,000 people and with a global annual turnover in excess of 300 billion euros throughout the enlarged EU. Copa-Cogeca aim to ensure that EU agriculture is sustainable, innovative, strong and competitive, guaranteeing food security to half a billion people throughout Europe.

Contacts

FEDIOL – Nathalie Lecocq, Director General: +32 2 771 53 30

FEFAC – Alexander Doering, Secretary General: +32 2 285 00 50

COCERAL – Lisa Kretschmann, Secretary General: +32 2 502 08 08

COPA-COGECA – Amanda Cheesley, Press Officer: +32 474 840 836

Further comments

Pekka Pesonen, Director-General of COPA-COGECA: *"At a time when EU farmers are already suffering from the effects of the global economic crisis and a sharp drop in prices for many agricultural commodities, the last thing they need is a big rise in feed costs. EU politicians must consequently agree on urgent measures to prevent the EU livestock industry from becoming completely uncompetitive and to ensure that it is not relocated abroad."*

Henri Rieux, President of FEDIOL: *"Our industry would normally expect to buy 5-6.5 million tons of soybeans between October and March from the US, and now EU operators have been forced to stop these imports. There is a serious crisis looming."*

Margaretha Minsér, President of COCERAL: *"What we need from the Agriculture Ministers and the Commission is a proportionate and enforceable Low Level Presence solution for all commodities."*

Further reading

"An Avoidable Market Crisis", August 2009

LEI Wageningen report "Economic consequences of EU-unapproved GM maize in US soy from October 2009 to March 2010", August 2009

FFC Statistical background material

JRC report: The Global pipeline of new GM crops: implications of asynchronous approval for international trade, July 2009

<http://ipts.jrc.ec.europa.eu/publications/pub.cfm?id=2420>