



EU CAP REFORM 2013 CAP LOBBY BRIEF 4

4 EU imports of soy for animal feed

This paper forms part of a series of six briefings on the reform process of the Common Agricultural Policy of the EU looking at (1) International responsibility of CAP, (2) Trade Defence Measures, (3) Preventing dumping, (4) EU imports of animal feed, (5) Standards and (6) Indexation of direct payments. It aims to address issues of concern that to date have not received sufficient attention in the CAP debates and the decision-making fora. It is intended to influence the policy and position of the EU on CAP towards 2020 and to inform the public debate on the external impact of the CAP and on what is at stake for developing countries.

What is the problem?¹

The lack of balance between feed cultivation on one hand, and livestock production on the other, is one of the most important characteristics of the EU's agricultural system. Europe's important production of meat and dairy products is to a large degree dependent on protein feed imports, in particular soy imports from Latin America. The latter are mainly policy driven and the result of very low tariffs on feed, which in turn are creating a number of serious problems within the EU as well as in the rest of the world.

The large scale import of feed is a prerequisite and root cause behind the development of the EU as a large scale exporter of meat and dairy products. When exported to developing countries, these products compete with local producers and in many instances constitute a threat to the development of local cultivation and food processing.

This system is not sustainable from an ecological point of view. A fundamental aspect of sustainable agricultural systems is that nutrients are circulated – manure from livestock is used to fertilize the fields where feed is grown. When animal production and cultivation of feed and grains are separated, nutrients cannot circulate. There will be waste problems in feed importing regions and soils will be depleted in feed exporting regions. In addition, the large scale imports are reinforcing the process in feed producing countries, where soy production in large monocultures is expanding fast, creating a number of ecological and social problems.

Meeting Europe's responsibility towards global food security is not so much a matter of raising its agricultural exports to developing countries in order to feed the hungry from our land. Rather, it is an issue of allowing and supporting developing countries to increase their own production and to meet demands on their local markets. Indeed, the EU has to acknowledge that we cannot even feed ourselves from our own land and that we are becoming a problem for the world. A significant contribution to decreasing the burden of Europe

¹ European Parliament (2010) Draft Report on EU protein deficit: What solution for a long standing problem? 29.10.10. <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+COMPARL+PE-450.760+01+DOC+PDF+V0//EN&language=EN>

on global farming land use would be to reduce Europe's massive imports of animal feed from developing countries.

Current situation

45 million tonnes of feed materials were imported in 2008 for the production, consumption and subsequent export of a wide array of animal products. The dependency on imports is even more evident when it comes to protein feed, which amounted to 24 million tonnes of proteins for intensive animal keeping systems. About 72% of Europe's demand for protein feed crops is met by imports, mainly soy from Brazil, Argentina and the USA. To produce this, an area of 20 million hectares of land outside of Europe is needed, an equivalent to 10% of Europe's own arable land. The remaining 28% of protein feed crops is produced in Europe, and occupies only 3% of Europe's arable land.

Good agricultural land and water are the two scarcest resources needed to feed the world population. While world average land use for intensive farming is 2500 m²/capita, the total land use of the Europeans (EU-15) is 4300 m²/capita, in spite of the fact that the European yields per ha are more than twice the world average. In 2030, when the world population will have increased to 8.3 billion people, the average land use available for intensive farming will drop to 1900 m²/capita, while it is estimated that the land use of the Europeans will even grow by another 30 %, due to the fast growing consumption of biomass for energy and industrial use.²

A study on the "virtual land grabbing" of the EU food economy reveals how much Europe lives from land outside its territory. The study finds that if all food exported or imported is calculated in terms of its direct or indirect land requirement for its production, the EU exports 14 million hectares of land use, while importing 49 million hectares. In 2007/2008, the virtual net import of land amounted to almost 35 million hectares. This is an increase of almost 10 million hectares (40 %) compared to 1999/2000. As a result, the EU is using approximately one third of its own utilized arable area from outside its own territory, equivalent to the entire territory of Germany.³

This growth in net imports of virtual land might not be a major issue had it not had negative economic externalities in the form of reduction in natural habitats, such as tropical rain forests and increasing greenhouse gas emissions from converting forests and grasslands into cropland. Major areas of the land used for crop plantation for Europe have been acquired under conditions of human rights violation, illegally and by force. In a situation of increased land scarcity, land use by the rich for their luxurious or affluent consumption patterns – often leading to obesity and unhealthy nutrition - is virtually taking food from the mouths of the poor, by grabbing their land, by the shift in land use or by the increasing prices of the poor man and woman's diet.

If Europe wants to be more supportive of sustainable development and global food security, it has to reduce its external land use, strive to improve crop rotation and close the nutrient-cycles in its farming system, rather than expand exports. In order to be more self-sufficient in protein feed, more protein rich crops must be produced in Europe. In addition, meat, milk and egg consumption should be decreased.

For Europe, the problems originating from these trade flows are:

- Severe pollution of water (phosphate and nitrate) and air (ammonia) in several regions, resulting from the high concentration of manure related to the intensive animal keeping made possible by feed imports.
- European farmers are at a disadvantage for growing the pulses and producing oil cake, which reduces their possibilities to apply crop rotation to preserve and increase soil fertility.
- Loss of diversity in the farming systems and a loss of income opportunities.
- The high volume of feed imports has made the EU livestock sector highly vulnerable to price volatility of international agricultural markets.
- It contributes to GHG emissions, or at least does not encourage mitigation, because imported animal feed tends to neglect or undermine biodiversity and makes intensive use of mineral fertiliser and pesticides.

² Sören Steger (2005) Der Flächenrucksack des europäischen Außenhandels mit Agrarprodukten, Wuppertal Institut

³ Ibid.

For soy-exporting countries, on the other hand, the expansion of large scale mechanized soy monoculture has exacerbated environmental and social problems in Brazil, Argentina, Paraguay, and some other exporting developing countries:

- Forced evictions and displacement of small farmers and indigenous people from their land.
- Increasing food insecurity as soy has replaced pulses for domestic consumption.
- Loss of employment.⁴
- Loss of biodiversity in tropical savannah and tropical rainforest.⁵
- Increased nitrate and pesticide residue emissions due to land conversion and the intensive use of agrochemicals and fertilizers during production, transport and processing. This causes occupational health and environmental hazards.
- The emergence of a new type of farm model: huge and highly mechanised farm enterprises run as monocultures, closely linked to big international companies for their storage, transportation and exporting activities.

Factors contributing to the protein deficit

The decrease of Europe's domestic protein crop production and the consequent increase of imports is to a large extent the result of the EU-USA trade agreements. In 1962, when the EU established high tariffs on cereals with its new CAP, the USA only agreed to accept the CAP in total if the EU set the import duties for soy to zero. A similar political pressure was applied in the GATT Uruguay Round, which ended in the Blair House Agreement (1992) between the USA and Europe. The EU agreed to put a quantitative ceiling on its subsidized oilseed production and allowed duty-free imports of protein crops and oilseeds. In return, the EU was allowed to continue with the rest of the CAP under the conditions laid down by the Agreement on Agriculture of the WTO.

The EU reasons that with the decoupling of product specific subsidies, the ceilings under the Blair House Accord are no longer relevant. However, the European protein sector is having difficulties to recover, since farm returns from protein and oilseed crops cannot easily compete with the imported soy. 30 years of neglect in breeding and other research initiatives led to a situation of very insecure crop yields for field peas, other pulses, rape seed, lentils, field bean, sweet lupines, alfalfa, etc. The introduction of import duties on feedstuff would lead to decreasing imports of protein feed and increasing production in Europe. Such a move, however, would not be accepted by our trading partners.

The BSE-crisis (mad cow disease) at the end of the nineties has also contributed to the rise of feed imports, since it led to a prohibition of the use of animal proteins (meal) in feed. Europe used to produce millions of tons of animal meal, mainly a by-product of the slaughter houses. In 2000, the EU issued regulations prohibiting the use of all animal protein in animal feed. As a result, the bulk of animal meal is currently burned in energy plants. To replace this wasted protein, the EU feed industry had to substitute animal meal by 3 million tonnes of soy meal (or cake).

Our proposal

CAP 2013 has to ensure that its legislative proposals for CAP reform include measures to overcome the current protein deficit in the EU. The EC Communication is hinting at this link when calling to encourage the synergies between crop and livestock farming, e.g. in proteins.⁶ As with energy, it is important to use efficiently all available protein sources inside the EU.

1. Incentives for the production of protein crops in Europe should be introduced and/or expanded. Since it seems difficult under WTO rules and previous CAP reform steps to go back to product specific support, the tools used for support would come from the second pillar of CAP. In particular political tools in

⁴ Large scale soy cultivation employs only 1-2 persons per 400 hectares as compared to 80 people for food crop production on family farms.

⁵ This is the result of both of direct land conversion and of indirect land use change. In the latter soy farms replace extensive cattle ranching, which in turn move on into new forest areas that have been cleared by (often illegal) logging.

⁶ European Commission (2010) Communication on The CAP towards 2020, COM (2010) 672, Brussels 18/11/2010, page 4.

relation to environmental measures, regional development and certification and labelling systems for domestically grown fodder need to be developed and elaborated. A relatively small financial incentive may be sufficient to make European crops a good alternative to soy imports, because pulses and oilcakes have long been neglected by research, training, extension and breeding. Farmers themselves will benefit through a more diversified crop-rotation on their fields.

2. The prohibition on the use of animal proteins in animal feed must be reconsidered to allow their use in feed for pigs and poultry (omnivores). The BSE crisis arose from feeding animal proteins to *herbivores*. It is safe however, to feed animal proteins to pigs and poultry, as long as cannibalism is avoided and as long as technical and traceability standards are met.
3. The limits for nitrite pollution in ground water in the Water Directive should be reduced and should be strictly implemented, with special attention to animal intensive regions in Europe.
4. The public support for investments in animal confinements and other modernisation and expansion construction must be restricted to areas and farm types of high self sufficiency with protein feed materials and extensive and natural animal keeping. The EU should stop co-funding investments in animal keeping in the countryside, i.e. outside industrial estates, if certain environmental requirements are not met.
5. Introduce mandatory crop rotation principles with a certain share for protein crops.
6. The EU should keep its tight conditions on zero-tolerance for the import of GM-soy.
7. The EU should promote the use of soy that meets specific sustainability criteria. While we are in favour of setting tight standards for soy import, we consider existing criteria and available certification schemes as insufficient or unacceptable.
8. A decreased consumption of meat, dairy and other animal products in the EU would lead to several benefits, apart from decreasing the protein deficit and easing the pressure on global land resources: a more healthy population (the average European eats more of these products than considered to be healthy) and decreased emissions of GHG. The consumption pattern is, of course, a matter of consumers' preferences and consciousness. These are not easy to change, at least in the short term. Therefore, measures destined to promote a shift in consumption, including disincentives for meat and dairy consumption should be introduced.

APPENDIX

References:

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