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Objectives of the Conference on Feed*

J. ICART

PRESIDENT OF ASFAC

Good morning, everybody. I would like to welcome you to the city of Reus. I have to tell you about the aims of this first Conference of Southern European Feed Manufacturers. To start with, I should say that the European feed industry is going through a very difficult moment, due to the uncertainty of the economic situation, the achievement of the Common Market, the GATT agreement, etc., which have led us to a market which is becoming more and more open and globalised and at the same time with less protection. The recent adhesion of more countries to the European Union, as well as the prospect of Eastern European countries also joining, where both the situation and interests are very different, makes us think in depth about the best way of achieving a balance between our northern and southern relationships, with a view to justice and solidarity in Europe. If the centre of gravity in Europe goes towards the east in our sector, which seems to be happening, what will be the impact for the existing production centres in the centre of the European Union. On the other hand, with the GATT agreement, our market for animal products will be affected by international competition from third countries on the international markets which are supplied by the European Union. The reform of the Common Agricultural Policy in the cereals sector is characterised by a reduction in the price of cereals so that world prices become equal to those of the European Union, but we are seeing for the moment that prices are in fact higher than they were before on both markets, world and European. In Spain we have been going through a very different moment as the result of bad climatic conditions plus our geographical situation at the edge of Europe, outside the main centre of cereal production.

In Spain, indeed, for the 95-96 campaign the results were very negative. We had a very bad drought during the last campaign which affected negatively the whole campaign with a drastic fall in cereals offer and prices, so that we manufacturers have not had a normal supply of basic products, commodities, which explains the situation in Spain, a country with Italy which is among those countries which have a lot of cereals in our feeds, so that we have 19 million tonnes manufactured in Spain, while the previous was eleven million, so we have a four million deficit in fact, in our production. This situation, together with the absolute lack of cereals within the intervention body, SEMPA, the Spanish body, has led us to a very difficult situation where we lack cereals and supplies, which has been compounded even more by the retention of cereals by farmers. This is why, right from the beginning, the Spanish confederation of manufacturers defended the fact that the extraordinary drought that we are living through required equally extraordinary measures as well, in the pursuit of the principle European solidarity which I mentioned before. And right from the start, our confederation joined forces with the other livestock sectors. We must recall the importance of cereals prices on livestock production costs and their impact on final price. 65% of pig production costs, 50% of meat production and 45% for egg production costs. From a political point of view, we achieved last September a commitment by the council of agricultural ministers to implement a policy coherent with the objectives of the Common Agricultural Policy, and it was decided to reduce the percentage set aside. On the other hand, the European Commission adopted a series of measures aimed at improving the supply of cereals, and also, and this is very important, the Commission adopted for the first time in its history measures towards paralysing cereals exports to third countries. Not only were export aids suspended, but a tax was even imposed. Now, to avoid such situations, we intend for the European Commission to consider a series of measures to for compensating for the disadvantages confronting the countries on the periphery of Europe as a consequence of their geographical position, far from the main cereal producing centres, and adverse climatic conditions. These measures should include the adoption of strategic measures within FEAGA, if possible not centralised in only a few countries, as well as the application of a specific percentage of set aside compulsory for corn lower than the general percentage for the community.

Another of the main north-south axis questions is the maturity of the product for animal products contemplated by the countries which are not yet saturated as a solution to their problems. Their

*Transcribed from tape

production capacity leads us to a situation which is becoming a major commercial challenge ranging from prices to the very profitability of each concern. We should remember the importance of profitability for our industry, because this, in the long term, is the only way for us to guarantee the investment needed to improve the quality of our final product, a quality which should not only satisfy not only our demands, but also those of the consumer. On top of this, there is the importance of the very recent animal health question, and we should give special attention not only to feed quality but also to the consumer's perception of the quality of these products. The development of intensive livestock production which is nowadays at the centre of final agricultural production in Catalonia and in other areas of the south of Europe, have based their success on the system of feeding livestock, and this success has been a source of income for many families, but also, and more importantly, it has made animal protein a usual ingredient in normal diet in all households. The city of Reus, which welcomes this First Conference of Southern European Feed Manufacturers, is a clear example of how we have gone from family industry to the industrial complex which characterises this Mediterranean area. We should point to the existence of large maritime infrastructure which enabled the development of port livestock industries, ports such as Tarragona, Barcelona, harbours which are the gateway to the manufacture of a large quantity of commodities. And finally, I should like to point out the high degree of research and development, which is the basis of technology in general, which has nothing to envy of that of such other sectors as the food and pharmaceutical industries in Catalonia. The sector has invested in research and development, but also the administration, and we see the whole work achieved by Institute which co-operated in organising this conference. It has been working in nutrition at its Mas Bové, Department of Animal Nutrition-IRTA, centre with excellent results. So, Catalonia could be an example of this southern European area which, we believe, has much to say regarding the future of feed, and livestock and agriculture in general. Allow me to wish that this conference be useful as a forum for manufacturers from all these Southern European countries, so that our possible competitive advantages be complemented by joint action within the European Union. Thank you very much.