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MOTION FOR A RESOLUTION

further to Question for Oral Answer B6-0321/2007

pursuant to Rule 108(5) of the Rules of Procedure

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on behalf of the PPE-DE Group

on rising feed and food prices

European Parliament resolution on rising feed and food prices

The European Parliament,

- having regard to Article 33 of the Treaty establishing the European Community,
 - having regard to its Legislative Resolution of 26 September 2007 on set-aside for the year 2008,
 - having regard to Rule 108(5) of its Rules of Procedure,
- A. whereas world cereal prices have increased dramatically in recent months,
- B. whereas the world supply of cereals has been affected by severe weather conditions, notably droughts and floods, which are likely to be associated with climate change,
- C. whereas Australia, for example, is experiencing its worst drought since records began in 1900,
- D. whereas world demand for food is rising faster than supply, not least because rising incomes in emerging economies such as India and China, combined with growing populations, are driving up demand, especially for meat and dairy products and therefore also for feed,
- E. whereas food insecurity continues to be a reality for over 854 million people, some 820 million of whom are in the developing world,
- F. whereas the latest estimates suggest that the EU-27 grain harvest will be around 8 million tonnes less than last year,
- G. whereas the 2006 harvest was only 265.5 million tonnes, leaving just one million tonnes in intervention this year,
- H. whereas in 2006 and 2007 only 1.3% and 1.5% respectively of EU cereal production was used for ethanol production, meaning that the rising prices cannot simply be attributed to this non-food use within the EU,
- I. whereas it is clear that the policy in the US of assigning more land for maize-growing to produce bioethanol is having a knock-on effect on the price of other cereals,
- J. whereas, if viewed from a historical perspective, cereal prices have tended to decrease in real terms but over the past six months they have increased threefold,
- K. whereas retail food prices have not kept up with the cost of living and farmgate prices have failed to keep up with retail prices,

- L. whereas consumers are also victims of the market instability and whereas there is a danger that the increasing food prices will give the mistaken impression that it is farmers who are responsible,
- M. whereas the rising cost of compound feed is driving up production costs for the livestock sector,
- N. whereas Article 33 of the EC Treaty states that ensuring the availability of supplies and ensuring that supplies reach consumers at reasonable prices are objectives of the Common Agricultural Policy,

Set-aside

- 1. Welcomes the recent decision by EU Agriculture Ministers to adopt the Commission's proposal to suspend set-aside obligations for 2008;
- 2. Notes the Commission's estimate that this move will free up around 2.9 million hectares for cereal production and increase next year's harvest by around 10 million tonnes;
- 3. Regrets the fact that the Council did not adopt Parliament's amendments seeking to suspend set-aside for the year 2009 as well, and expects this matter to be taken up in the imminent CAP Health Check;

Food production and retailing

- 4. Notes Commissioner Fischer Boel's recent comment that meat and meat-product prices could rise by up to 30% in 2008 because of increased costs of feed;
- 5. Notes that the increased milk prices in 2007 represent a small but urgently needed income rise for dairy farmers but are problematic for consumers and make it more difficult to obtain the required supply of milk products, for example for schools and hospitals;
- 6. Notes with concern that European poultry producers are having to pay 40%-60% more for feed than one year ago, especially as feed accounts for around 60% of their total costs;
- 7. Emphasises in the strongest possible terms that the raw material cost is a relatively minor component in the total cost of many food products, especially processed foods, and that, even after the recent increases in wheat prices, the cost of wheat accounts for less than 10% of the retail price of a loaf of bread in the UK and less than 5% of that of a 'baguette' in France;
- 8. Calls on the Commission and Member States to analyse the discrepancies between farmgate prices and the prices charged by the major retailers;

Biofuels

- 9. Emphasises that only a very small proportion of EU cereal production is currently being used for biofuel production and that meeting the EU's biofuel targets in 2020 would still require the use of only 15% of the EU's arable land;

10. Emphasises that biofuels are presently the only substitute for fossil fuels which are available on the market on a large scale and, unlike fossil fuels, are renewable and can produce significant reductions in greenhouse gas emissions;
11. Notes that when one tonne of cereals is used in the EU for the production of bioethanol, up to 40% returns to the animal feed sector in the form of by-products;
12. Calls on the Commission and Member States, nevertheless, to do more to promote the use and production of second-generation bioenergy, which involves processing of manure and agricultural waste materials rather than primary agricultural products;

Feed imports

13. Notes with serious concern that the cost of compound feed has risen by €75 per tonne and is continuing to rise due to an acute shortage of feed grains and that this represents an additional cost of €10 billion to the EU livestock industry;
14. Regrets the fact that EU Agriculture Ministers failed to reach agreement, at their last meeting, on approving three types of genetically modified maize, despite a positive opinion from the European Food Safety Authority;
15. Points out that a significant percentage of the maize and soya already being used to produce animal feed is of GM origin;
16. Notes with concern that the obstruction of GM approvals causes other feed material prices to rise, which damages the competitiveness of EU livestock farmers and leads to a paradoxical situation in which EU consumers buy meat and livestock products from third countries that use GM feed;
17. Regrets that there is a de facto import ban on maize by-products from the US due to a lack of approval;
18. Calls, in this connection, on the Commission, EFSA and the Member States to acknowledge the EU's dependence on imports of vegetable proteins from third countries, to establish workable import rules based on thresholds and to reduce undue delays in the EU GM approval system;

Imports and exports

19. Notes the announcement made at the last Agriculture Council meeting of the intention of formulating a proposal to lift import duties for cereals for 2008 as a means of dealing with the difficult situation in the livestock sector, especially the pigmeat sector;
20. Points out that such decisions may actually weaken the EU's negotiating position on market access in the WTO negotiations;
21. Emphasises that this decision should not serve as a precedent for other sectors such as rice;
22. Rejects any moves to impose export quotas and tariffs on EU agricultural production;

23. Demands that third-country operators be subjected to the same stringent controls as EU producers;

Global food insecurity

24. Is mindful that reduced world food stocks have a serious and particular impact on Low Income Food Deficit Countries in the developing world, with the total cereal import bill for these countries forecast to increase considerably - to an all-time high of \$28 billion in 2007/08, up approximately 14% from last year's already high level;

25. Notes that, overall, developing countries will spend a record \$52 billion on cereal imports this year;

26. Urges the EU to address concerns about global food insecurity in a meaningful way;

27. Calls on the Commission to undertake an in-depth analysis of world market trends, including the increased demand for food in developing countries, in order to consider, as part of the CAP Health Check, the creation of permanent mechanisms to guarantee an adequate market supply in future;

28. Instructs its President to forward this resolution to the Council and Commission.