Resolution on rising feed and food prices

2007/2641(RSP) - 25/10/2007 - Text adopted by Parliament, topical subjects

The European Parliament adopted by 464 votes in favour to 30 against with 44 abstentions a resolution on rising feed and food prices, and welcomed the recent decision by the Council of Ministers of agriculture to adopt the Commission's proposal to suspend set-aside obligations for 2008. Parliament was responding to the latest estimates suggesting that in 2007 the EU-27 grain harvest will be around 8 million tonnes less than in 2006. It pointed out that the 2006 harvest was only 265,5 million tonnes, leaving just one million tonnes in intervention in 2007. Members noted the Commission's estimate that this move will free up around 2,9 million hectares for grain production and increase the 2008 harvest by around 10 million tonnes. They regretted the fact that the Council did not adopt Parliament's amendments seeking to suspend set-aside for the year 2009 as well, and expected this matter to be taken up in the imminent CAP Health Check.

Food production and retailing: noting 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, Parliament called on the Commission to propose a temporary increase in milk quotas in order to stabilise prices on the internal market. It noted with concern that European poultry producers are paying 40% to 60% more for feed than one year ago, especially as feed accounts for around 60% of their total costs. Parliament stressed 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. The Commission and Member States were asked to analyse the discrepancies between farmgate prices and the prices charged by the major retailers, and Parliament pointed out, in particular, that the Commission should investigate the effects of concentration in the retail sector, which act mainly to the disadvantage of small producers, small enterprises and consumers, and employ all the legal means available to it should abuses of market power be identified. Parliament also urged the Commission to authorise advance direct payments to livestock farmers, especially to those affected by disease outbreaks (e.g. bluetongue), as they might face serious cash-flow problems as a result of increased feed prices.

Biofuel: Members emphasised 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. 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. Parliament called 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. The Commission should carry out an environmental and food-security impact assessment which takes account of existing competition for land and resources between food and plant-based fuel production, and which examines the impact of climate change and possible measures to avoid further depletion of food-production resources.

Imports and exports: Parliament noted with serious concern that the cost of compound feed has risen by EUR 75 per tonne and is continuing to rise owing to an acute shortage of feed grains, and that this represents an additional cost of EUR 10 billion to the EU livestock industry. The Commission's had announced in September 2007 its 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. Parliament pointed out that such decisions might actually weaken the EU's negotiating position on market access in WTO negotiations. This decision should not serve as a precedent for other sectors, such

as rice. Parliament rejected any moves to impose export quotas and tariffs on EU agricultural production, and demanded that third country operators be subjected to the same stringent controls as EU producers. It called on the Commission to undertake a stock-taking exercise of possible supply management and food security measures which could avoid further extreme volatility of feed and food prices and unsustainable competition between food and fuel production.

Global food insecurity: the resolution was 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 imports bill for these countries forecast to increase considerably to an all-time high of USD 28 billion in 2007/8, up approximately 14% from last year's already high level. Overall, developing countries will spend a record USD 52 billion on cereal imports in 2007/8. Parliament called on the Commission to analyse the effects of supply shortages of cereals and oil seeds on the most vulnerable food producers and consumers in the EU and third countries, including proposals for instruments and measures to prevent disruptions of food supply and the inflationary effects of further price increases. The Commission must 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.

Lastly, Parliament called on the Commission to take all necessary measures to guarantee a sustainable agriculture which is able to contribute to significant reductions in greenhouse-gas emissions and guarantee food sovereignty for the Member States.