

After BSE: a Future for the European Livestock Sector



**EAAP – Roma,
31 August 2003**

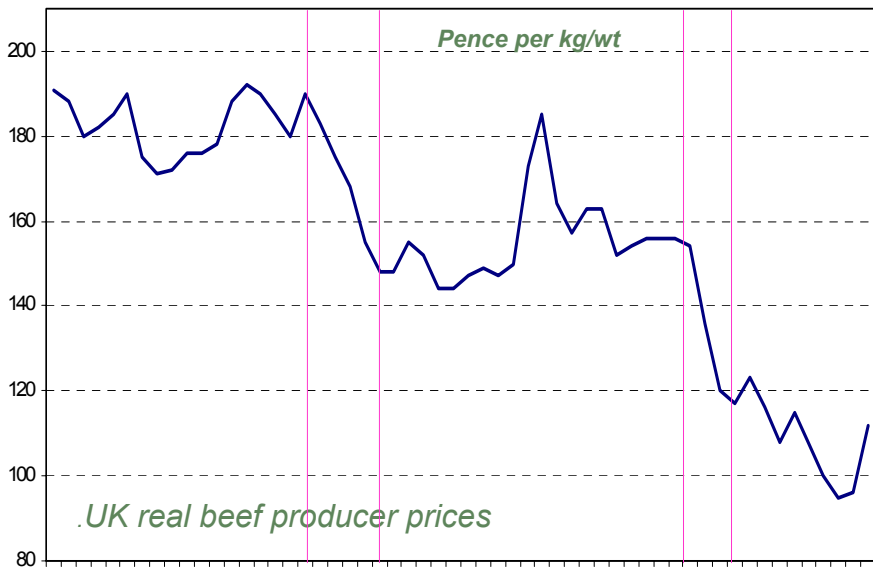
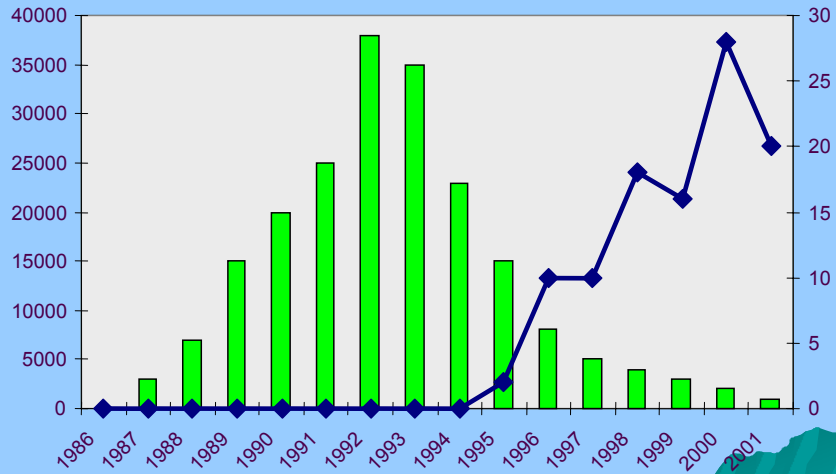
THE WORKING GROUP

- ◆ **Juan José Badiola** (Spain)
- ◆ **Gottfried Brem** (Germany)
- ◆ **Fernando Crespo** (OIE)
- ◆ **Patrick Cunningham** (Ireland, Chairman)
- ◆ **Jean-Claude Flamant** (France)
- ◆ **Janet Graham** (UK)
- ◆ **John Hodges** (Austria)
- ◆ **Karsten Klint Jensen** (Denmark)
- ◆ **Samuel Jutzi** (FAO)
- ◆ **François Madec** (France, Secretary)
- ◆ **Ben Mephram** (UK)
- ◆ **Attila Nagy** (Hungary)
- ◆ **Alessandro Nardone** (Italy)
- ◆ **Peter Sandoe** (Denmark)

Epidemic in UK

BSE
CASES

vCJD
CASES



Average Animal Value (Euro/Hd)

	Pre BSE	Post BSE	Difference
Edible Offal	10.09	2.27	7.37
Inedible Offal	4.45	-2.74	7.19
Fat	11.13	1.02	10.11
Bone	3.39	-2.36	5.75
SRM	-	-12.11	12.11
MRM	6.00	-	6.00
Factory Cost	-	6.82	6.82
TOTAL			55.15

BSE- Cost per Animal

- ◆ Loss in animal value 55.15
- ◆ Disposal of MBM 21.45
- ◆ BSE test 25 – 50

- ◆ TOTAL (approx.) 75 (no BSE Test)
100+ (with BSE Test)

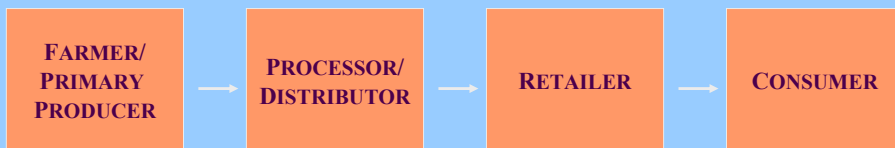
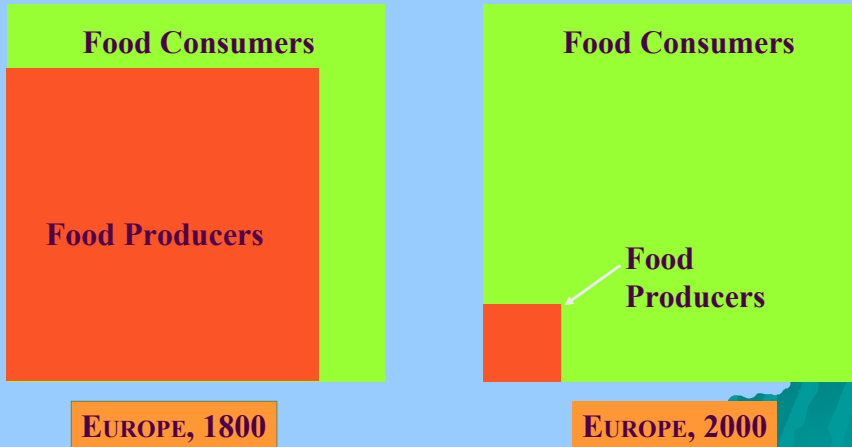
BSE – Aggregate Cost

- ◆ EU15 Beef output:
 - 28 million animals
 - 28 billion Euro (approx. 1000 Euro/hd)
- ◆ BSE cost approx. 100 Euro/Hd = 10% of output value
- ◆ At EU15 level this is 2.8 billion Euro/year
- ◆ Discounting all future costs gives Net Present Value of 92 billion Euro

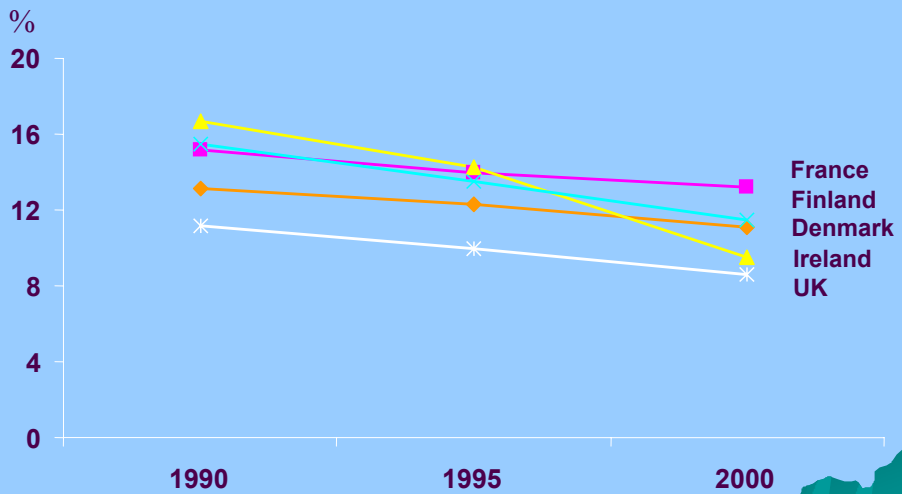
Unresolved Issues

- ◆ Origin of BSE
- ◆ Future of vCJD
- ◆ Managing MBM

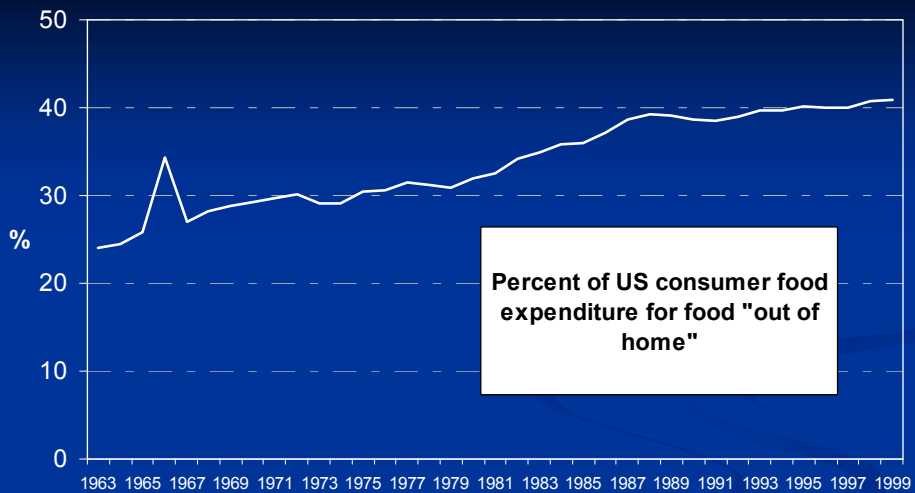
Who are our clients?



Food as percentage of disposable income



Source: Eurostat

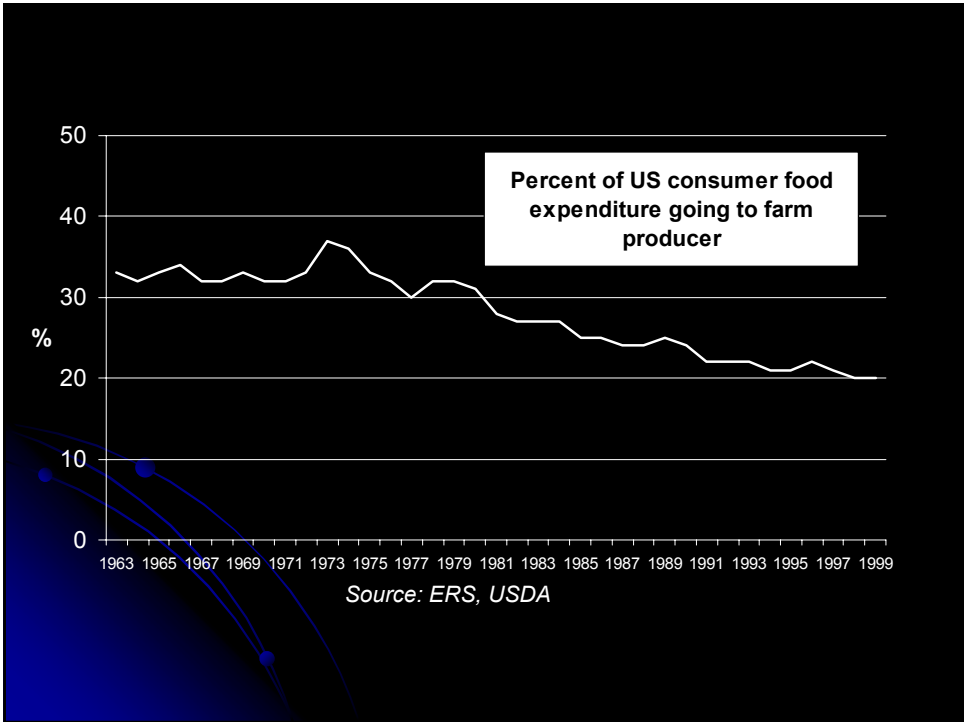


Percent of US consumer food expenditure for food "out of home"

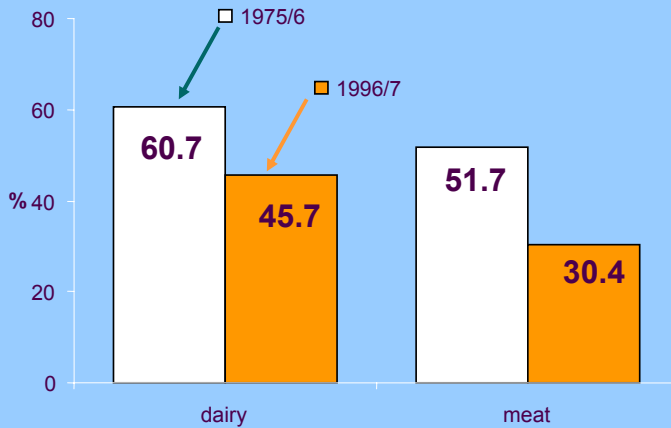
Source: ERS, USDA



Top 5 Food Market Share, 2000 (%)

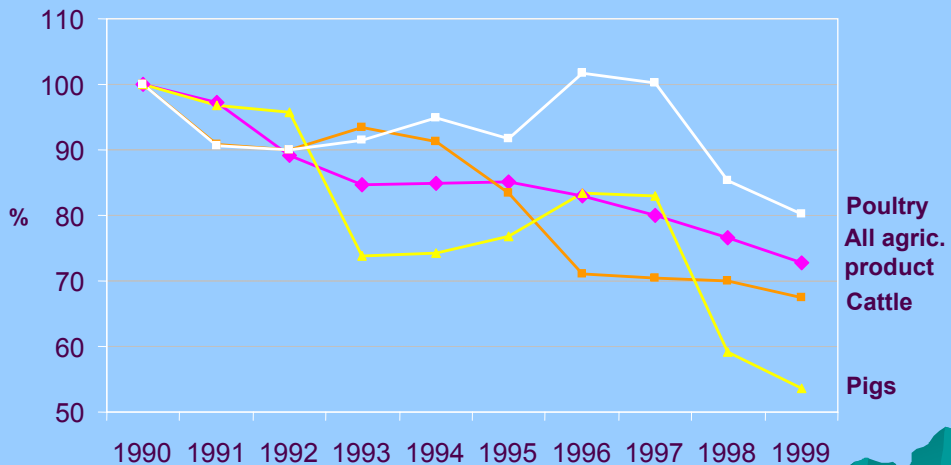


German producer's share of consumer expenditure for livestock based food products



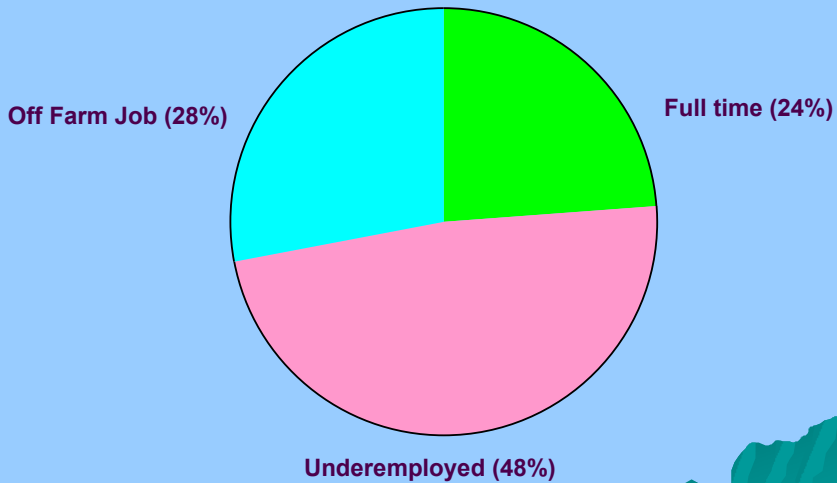
Source: Weindlmaier 2000

EU deflated index of producer prices



(Source: Eurostat)

Employment status of farmers in EU member states



Other Challenges

- ◆ **Consumer Distrust**

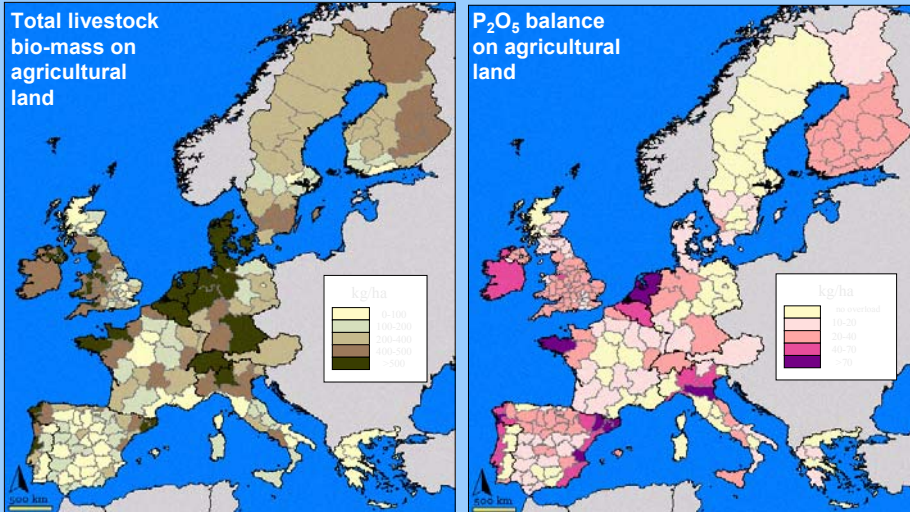
Food scares in Europe 2002

January	BELGIUM - PCBs found in pig and chicken feed - cancer and birth defects.
February	BELGIUM - Sulphonimide found in chicken feed - egg contamination & skin allergies
March/July	EUROPE - Nitrofurans & chloramphenicol found in chicken from Thailand.
May	GERMANY - Nitrofen found in organic wheat (animal feed) - cancer.
June	UK & IRELAND - Beef and pork protein found in Dutch processed chicken from Thailand & Brazil
July	EUROPE - MPA found in pig feed in 11 countries - infertility

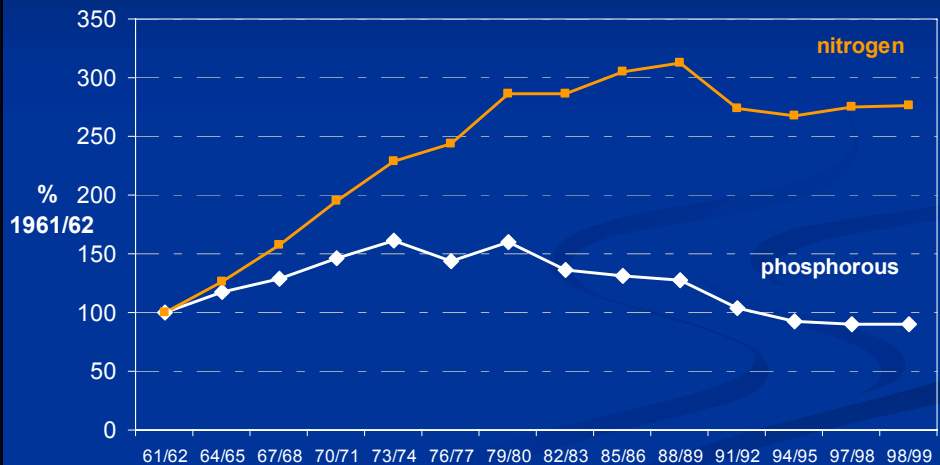
Other Challenges

- ◆ Consumer Distrust
- ◆ **Nutrient Overload**

Nutrient loading on agricultural land in Europe



Trends in mineral N and P fertiliser consumption in 16 European countries (Source: International Fertiliser Industry Association 2000)



Other Challenges

- ◆ Consumer Distrust
- ◆ Nutrient Overload
- ◆ **Enlargement**

The Challenge of Enlargement

	EU 15	CEEC 10
Population (m)	373	105
Farmers (m)	7	10
Agriculture as a % of employment	5	23

Source: European Commission (1997 Figures)

Other Challenges

- ◆ Consumer Distrust
- ◆ Nutrient Overload
- ◆ Enlargement
- ◆ **Globalisation**

Globalisation and Trade

- ◆ **Impact on developing countries (LDCs)**
 - ACP take 7% of EU Agricultural Exports
 - LDC have 100% free access to the EU
 - Livestock products:
 - < 1% of LDC agricultural exports
 - < 10% of LDC agricultural imports
- ◆ **EU basic production costs higher**
- ◆ **Liberalisation could reduce EU**
 - Grain, dairy by 30%
 - Meat by 20%

Other Challenges

- ◆ Consumer Distrust
- ◆ Nutrient Overload
- ◆ Enlargement
- ◆ Globalisation
- ◆ **Ethical Issues**

An Ethical Matrix

	WELLBEING	AUTONOMY	JUSTICE
PEOPLE IN THE AGRICULTURAL AND FOOD INDUSTRIES	Income and working conditions	Freedom of action	Fair trade laws and practices
CITIZENS	Food safety & quality of life	Democratic, informed choice e.g. of food	Affordable food
FARM ANIMALS	Animal welfare	Behavioural freedom	Intrinsic value
THE ECOSYSTEM	Conservation	Biodiversity	Sustainability

Other Challenges

- ◆ Consumer Distrust
- ◆ Nutrient Overload
- ◆ Enlargement
- ◆ Globalisation
- ◆ Ethical Issues
- ◆ **Accountability**

Accountability for:

- ◆ **Quality**
 - Regional, special, organic products
- ◆ **Safety**
- ◆ **Transparency**

Other Challenges

- ◆ Consumer Distrust
- ◆ Nutrient Overload
- ◆ Enlargement
- ◆ Globalisation
- ◆ Ethical Issues
- ◆ Accountability
- ◆ **New Technologies**

Controversial Technologies

- ◆ GMOs in feed
- ◆ BST in milk production
- ◆ Growth promoters in meat production

The Plus Side

- ◆ Internal market of 478 million
 - ◆ Skilled workforce
 - ◆ Good resource base
 - ◆ Common Agricultural Policy
- 