



F E F A C

STABILITY OF EU COMPOUND FEED PRODUCTION IN 2017 A SLIGHT INCREASE EXPECTED IN 2018

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Compound feed production estimates for 2017

The industrial compound feed production for farmed animals¹ in the EU-28² in 2017 reached an estimated level of 156.7 mio. t, i.e. 0.2% more than in 2016, according to data provided by FEFAC members.

As regards cattle feed, the abolishment of dairy quotas in 2015 resulted in very contrasted evolutions of milk production and demand for dairy feed across EU Member States in 2016. 2017 has seen consolidations of the national orientations, with positive evolutions around 5 to 8% in countries such as Poland, Belgium and UK. The drought on the Iberic peninsula affected the forages supply and, therefore, resulted in a higher demand for compound feed. Overall, the recovery of milk prices encouraged dairy farmers to resume purchases of high performing feed to maximise milk production, resulting in an aggregate increase in EU cattle feed production of 1.0% in 2017.

Concerning poultry feed production, the Avian Influenza outbreak severely impacted some poultry producing regions of Europe, especially duck farming for *foie gras* in France and Hungary. A number of EU countries saw their poultry feed production stabilise and even slightly decrease, with the noticeable exception of Poland which recorded a 7% growth for the third year in a row. All in all, EU poultry feed production remained almost stable and is still the leading segment of EU industrial compound feed production, well ahead of pig feed.

On the pig feed side, the setback recorded in 2016 was confirmed in 2017 (-1%), in line with the evolution of pigmeat production in 2017 in the EU. The global demand for pigmeat (in particular from China) supported the recovery of market prices in the EU. However, this did not translate into a recovery of pig production, in particular due to the still persistent effects of African Swine Fever in Eastern Europe.

(mio.t)	2016	2017	%Var 2017/2016
Cattle feed	43.1	43.5	+1.0
Pig feed	50.3	49.9	-1.0
Poultry feed	54.2	54.4	+0.5
Total	156.5	156.7	+0.2

¹ From 2016 on, FEFAC no longer includes dry petfood production in its statistics, considering that a large part of the production was missing in national statistics.

² Greece, Malta and Luxembourg excluded

For the fourth year in a row, Poland was the best performing country, with annual growth of total compound feed production of +7.5%, boosted by the demand for poultry feed but also dairy feed. Among the largest compound feed producing countries, Germany, the Netherlands and Italy maintained their production of compound feed, whereas France and Spain recorded a drop of resp. -1 and -3% and UK increased its production by almost 2%. Germany strengthened its position as leading EU country in terms of total compound feed production, ahead of Spain and France.

The final estimate and detailed breakdown of the 2017 figures will be issued in June 2018 in the margins of the FEFAC Annual General Meeting.

Market Outlook for 2018

FEFAC market experts are relatively optimistic concerning industrial compound feed production in 2018. The dairy sector still needs to recover from the severe milk price crisis and get rid of the vast stocks of skimmed milk powder, leading FEFAC experts to anticipate a stabilisation of the demand for cattle feed. A number of factors will weigh in on the development of EU pig production. Present figures show an expansion of the sow herd. However, the effective development of pigmeat production and the subsequent demand for pig feed will also depend on the global demand for pigmeat, which is expected to stabilise. Also the development of national/local legislation on manure and phosphorous emissions can have an impact. A stabilisation of the production of pig feed can, therefore, be anticipated. While poultry exports will continue to be affected by restrictions in third countries due to Avian Influenza, the persistent trend to increase in consumption of poultry meat in the EU is expected to support a demand in poultry feed, leading to an increase of 1% in 2018. However, this could be constrained due to a trend in certain western countries to reduce stocks density in poultry holding triggered by animal welfare concerns. Overall, this would lead to a moderate 0.5% increase in compound feed production in 2018 vs. 2017.

A number of parameters will evidently affect this outlook. The evolution of outbreaks of Avian Influenza and African Swine Fever will be decisive, in particular in terms of preserving EU export capacities.

Notes to the editor:

1. FEFAC, the European Compound Feed Manufacturers' Federation, represents 23 national Associations in 23 EU Member States as well as Associations in Switzerland, Turkey, Serbia, Russia and Norway with observer/associate member status. The European compound feed industry employs over 100,000 persons on app. 3,500 production sites often in rural areas, which offer few employment opportunities.
2. Farm animals in the EU-28 consume an estimated 480 million tonnes of feed a year, of which about 30% are produced by the compound feed manufacturers. Turnover of the European compound feed industry is estimated at € 50 billion.
3. For more information see our web site (www.fefac.eu) or please contact Alexander Döring, Secretary General Tel. +32-2-285.00.50, Fax +32-2-230.57.22, e-mail: fefac@fefac.eu.