

To
Commissioner Mr. Janusz Wojciechowski and
Commissioner Mrs. Stella Kyriakides

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Reference: : 20210318/CH
Subject: : Ukraine war – Concerns of the egg sector.

Dear Commissioners,

EUWEP, registered in the transparency register with number 36546161539-21, is writing to you on behalf of majority of the European egg sector to stress the need for immediate action to address the crisis developing in the egg sector directly attributable to the Russian invasion of Ukraine. In essence the EU food supply chain is currently facing one of the largest challenges the European Union has faced.

In addressing the most recent problem due to the tragedy unfolding in Ukraine, EUWEP wishes to state unambiguously that we fully support the joint letter of Coceral, Fefac and Fediol dated the 1st of March on the measures required to face the Ukraine crisis, as well as the letter(s) of Copa Cogeca on this topic.

The war in the Ukraine has, first of all, a devastating effect for the Ukrainian people and economy. But, secondly, also for the international markets of food, feed and energy, which are strongly hit by this crisis. In the past three weeks, due to all the Ukrainian refugees, the European population increased by three million people, with further arrivals considered highly likely from a country with a population of 44 million people.

The expectations of these people - together with the existing approximate 450 million EU citizens - is that the EU can guarantee basic human rights and access to basic human needs, including food supplies. This is not something that can be taken for granted as I will outline to you in this letter on behalf of EUWEP under a number of discrete headings.

Fair Play across the EU

EUWEP advocates for a fair distribution of the costs in the egg production chain across the EU. This requires a realistic and fair balancing of costs so that the most remote members of the EU, and especially those that do not form part of the European mainland are not disadvantaged by scale or distance as is currently the case for e.g. Ireland which is in serious difficulty already due to the complex transport issues caused by Brexit.

EUWEP requests that in light of these developments, it is essential that a realistic and situation-led view, similar to that which informed overnight changes to regulations around border controls for animals

coming from Ukraine, is now adopted with regard to a small number of recent regulations that could impact Ireland's food security- and that of other remote outposts of the EU – quite significantly. To summarise EUWEP advocates for a fair distribution of the costs across the egg production chain.

Energy

The rapid increase in energy costs and increased energy prices affect the whole egg chain, but most hit are the egg processors and especially the egg powder producers who need natural gas for the drying process.

European market

As during the Covid pandemic the proper functioning of the internal European market is of crucial importance and no barriers to trade should be put in place between member states. Free trade between EU MS is a fundamental principle of the EU.

EUWEP requests the Commission to closely monitor the trade situation in the EU and directs all efforts towards maintaining an open internal market, accessible by all member states and with no barriers to trade.

Animal Feed

Long before the war in Ukraine feed prices were rising and now that feed shortages are projected, feed prices continue to soar, latest EU figures can be found [here](#). Farmers and food-suppliers in the agri-business sector simply cannot absorb increases of this scale in a year. And certainly not when these spikes in feed costs form part of a series of cost upsurges including energy, labour, interest rates, insurance, and materials.

Looking ahead, there is also the risk of serious instability at every level in the feed market. Will crop-growers plant human-related proteins crops such as soya at the expense of maize? How will the shortage of Ukrainian sunflower - a key ingredient for protein in animal feed - be managed? Right now, feed prices are soaring despite the fact that stocks remain in place from the last Ukrainian harvest, what will the situation be in 12 months' time if crops are not sown in the Ukraine and there is a shortage of fertiliser (mainly produced in Russia, the Ukraine and Belarus) to plant crops in regions with significantly lower yield?

Animal Feed: Organic Feed Supplies

Furthermore, all of these costs are significantly greater in the organic sector, where, in addition to extensive and expanding regulation they are more vulnerable, to external cost shocks. In short, this commodity pressure and spiralling cost base could not have come at a worse time for EU organic farmers who are already facing a rise in their cost-base due to newly-introduced regulations.

There is now a critical shortage of organic feed right across the EU. The main product concerned is the protein and fibre that comes from sunflower cake (left over after oil pressing), essential for egg production and animal welfare, not only in order to help organic birds be healthy and well-nourished, but also - crucially - to prevent cannibalism caused by feather-pecking which happens when birds are deficient in methionine - an essential amino acid found in sunflower cake that has always, up to now, been added to organic feed.

In general, the availability of organic ingredients will be a problem across the EU. It is already a problem in Ireland, due to the scale, distance and Brexit-related complexities highlighted previously. The Organic sector is in the process of requesting a derogation on the 100% norm for feed ingredients.

Animal Feed: General Feed Supplies

A second feed-related issue is the supply of non-GMO feed ingredients. The EU supply of GMO-free maize and wheat is mainly coming from Russia and Ukraine. These stocks will be gone in the coming months. It is said that the feed stocks in Spain will be depleted within the next month.

This means that the total supply of feed ingredients will be short, depending on the different EU member state's stock position. Coceral – Fefac – Fediol and Copa-Cogeca have been asking for a possibility to import grains from North and South America. This would suggest that MRL (Maximum Residue Levels) may have to be adjusted for a certain period as well as the GMO-ban. The fact that products bought on the American continent take around six weeks to be transported to Europe suggests that consideration to such an adjustment should be addressed without delay.

Soaring feed prices and the reluctance of retailers and food processors to cover the costs of production have caused a growing concern amongst farmers such that they may be unwilling or unable to pay for new pullets and this could lead to the reduction in flock numbers and result in a shortage in the availability of eggs available to retail as well as the industry not only in the short but also in the medium to long term.

EUWEP fully supports the request from both COCERAL and COPA to the EU to begin work on all contingency preparations necessary to enable the import of grains from the Americas if and when required.

Use of land and set aside

As a consequence of the shortage in the supply of grains, the Commission has been asked by COPA-COGECA to facilitate the use of land that either, is designated, or is about to be designated, as “Set Aside” in order to produce feed for the European market as part of all of these measures recommended in order to protect European food security.

EUWEP fully supports the request COPA Cogeca to allow the use of land which has been “set aside”.

Egg Market

For the egg market the sector is not only facing the Ukrainian war which stopped the export of Ukrainian eggs and egg-products to the EU, but the egg-sector also has to cope with an unprecedented heavy epidemic of Avian Flu. This epidemic is worldwide, even in the US 10 million birds have been hit.

Even though there is a shortage of eggs and egg prices on the spot market are relatively high, the current retail prices do not cover all costs. On the contrary the increase in costs are not transferred across the supply chain as annual contracts don't take price fluctuations into consideration. Generally retailers are never keen in accepting price increases. Some are starting to pay higher prices but the increases are minimal and do not keep pace with cost increases. The Food industry is not yet willing to compensate.

EUWEP urgently calls on to the Commission to protect European food security generally, and the egg production sector in particular, by working to ensure that these costs are more evenly distributed throughout the production chain.

Farm to Fork Strategy

EUWEP would like to request the Commission, in view of the current market disturbances and the upcoming shortages in food and feed, to review the Farm-to-Fork strategy in order to have a European Union which is more self-sufficient in food and feed.

Kind regards, (signed by order)

Vito Mastrangelo

President of EUWEP

