

The impact of Ukraine/Russian conflict on Irish feed production

IGFA Briefing

March 2022

What does the Irish Feed Industry need?

- DAFM should facilitate the unloading of Ukrainian/Russian cargoes that arrive on our shores from the region over the next few weeks. These cargoes are already paid for and are the property of European and Irish businesses. This may involve flexibility on paperwork and SPS certificates.
- DAFM should provide flexibility on EU MRLs and recognise the reduced risk where feed is concerned. The facility to derogate under article 18 (4) of 396/2005 in exceptional circumstances should also be considered.
- DAFM should provide flexibility on GM events not yet authorised in the EU but that may have a credible risk assessment available either by EFSA or another major trading region.
- DAFM should explore with the Commission all policy measures under CAP and the green deal to increase feed grain production within the EU.
- DAFM should investigate the effect on the market of a temporary moratorium on the use of feed grains for biofuel.
- DAFM should support a status quo position on the proposed undesirables regulation for a period of 24 months.
- All measures should be investigated to ensure access to fertilisers over the coming period. The availability of fertilisers will be absolutely critical to ensure an adequate supply of grass and silage.

Introduction

IGFA is the united voice of the compound feed manufacturers, feed and material importers, grain intake and premix companies in Ireland. Our members provide employment for thousands of people throughout the country and are an essential partner in the Irish rural economy.

Irish compound feed production

Our members produced 4.7 million tonnes of compound animal feed in 2020. Approximately 3.1 million tonnes (65%) of this are destined for the ruminant sector and 1.42 million tonnes (30%) is produced for the monogastric sector. This is in contrast to the EU market place which produces primarily for the monogastric market

Table 1

2020 Feed Volumes (million tonnes)					
Country	Ruminant	%	Monogastric	%	Total
DE	6.92	29%	16.34	68%	23.98
NL	4.5	31%	9.04	62%	14.69
FR	5.4	26%	13.57	65%	20.82
Italy	3.44	24%	10.05	69%	14.55
EU 27	42.1	28%	100.1	66%	150
IE	3.1	66%	1.42	30%	4.74

Approximately 2 million tonnes of cereals are produced annually in Ireland and the Irish feed sector uses approximately 1.6 million tonnes of the available Irish crop. It is estimated that a further 20-30% of the feed consumed by Irish livestock is supplied by the home mixing sector. In addition, we import over 1.2 million tonnes of unprocessed cereals and almost 3 million tonnes of co-products from the food, biofuel and drinks industry.

Table 2

Feed Imports		
Imports Jan-Dec	2021	2020
Product		
Cereals		
Wheat (9-11%)	171,745	223,598
Barley (9-11%)	170,749	213,787
Sorghum (10%)	28	28
Oats (9-10%)	2,399	3,529
Maize (9-14%)	1,185,436	1,308,310
Total Cereals	1,530,357	1,749,252
Total Co products	2,966,102	2,983,226
Other Feeds Types		
Soya beans (40-45%)	19,722	8,051
Peas (20 -23%)	1,349	4,144
Alfalfa	6,737	7,147
Compound feed	232,918	214,910
Other compound feed	54,907	47,849
Total Other	315,633	282,101
Total Feed Imports	4,812,092	5,014,579

Ireland is deficient in all feed ingredients and must source them internationally. Our importers therefore provide a key service in sourcing materials, providing logistics, shipping and port storage facilities. Our deficit for feed materials can be as high as 60% depending on the year. A country such as Germany may run a deficit of only 25% as they have a large indigenous tillage area, have large domestic food and biofuel processing industries and can easily access EU feed materials by road or rail. In addition, all mineral additives (amino acids, vitamins) and fats and oils are imported into Ireland.

Disruption to the global trade in feed materials therefore has immediate and dramatic impacts on the Irish feed sector and in turn, on Irish livestock farmers. Already this year the sector has experienced feed material market disturbances due to weather induced supply issues in major exporting regions, combined with logistic problems and freight and labour shortages as a result of the Covid pandemic. These factors have also

impacted the availability and price of vitamins, amino acids, vital trace elements and fats and oils. The outbreak of war in Ukraine in February 2022 has exacerbated the disruption and has a dramatic impact on logistics and the availability of feed materials.

The impact of Ukraine/Russian conflict on Irish feed production

The Ukraine and Russia are major suppliers of maize, wheat, barley, rapeseed, beet pulp and sunflower oil. Most of the wheat and barley crops are harvested in the summer and exported during the autumn. Ukraine maize exports typically take place through the spring into the early summer. This makes them an important source of maize for Ireland and the rest of the EU during this period. It will be later in the spring/summer before supplies are accessible out of the great lakes of North America and Canada. Brazilian and Argentinian corn is generally available in the Summer to early Autumn with the main US corn crop being shipped Autumn/Winter.

The Ukraine alone supplies 9.2 million tonnes of maize to the EU (57% of our imports). In Ireland, we imported a total tonnage of 119,269MT of maize in March 2021 and 86,460T (73%) came from The Ukraine. In the case of beet pulp, we imported 34,783T and 31,500 (90%) originated in Russia.

The current crisis is having an immediate impact on grain exports from the Baltic region. Traditionally most grain flows out of Odessa and other western ports on the Black Sea but disruptions in the short and medium term due to military strikes means accessing supplies from this region is now impossible. The Irish industry along with the rest of Europe will be forced to purchase these supplies from other regions. Prices on the futures markets were already at an elevated level. These prices have now risen sharply again this week. In some cases, there are no sellers available. The pressure on Canadian supplies is now at such a level that sellers are withdrawing from the market due to concerns around the lack of suitable freight capable of entering the great lakes and concerns around actual supply levels in the stores to service the sudden demand.

Crop Futures (CME)	Increase to Feb 25th	Increase since Feb 25th
Corn	15 %	27%
Soybean	5%	23%
Wheat	41%	56%
Soy oil	6%	29%
Soy meal	4%	15%
Milling Wheat	20%	18 %

Long term Concerns

These military operations will also have implications in the long term. The Ukraine and Russia are vital suppliers of agricultural products including seed and fertiliser. This crisis will therefore impact on the ability of EU and Irish farmers to access important arable inputs both for the spring and autumn plantings.

Spring planting season in the Ukraine normally starts around the middle of March and given the extent of damage we see in the media, it is unlikely that a normal planting season can happen this spring. Ukraine accounts for 11% of the world wheat exports, 16% of barley, 15% of maize, 16% of rapeseed and 50% sunflower seed oil. Russia accounts for 20% wheat, 16% barley, 2% maize, 3 % rapeseed and 20% sunflower cake.

As all these supplies are now in question for the 2022/23 season either through disruption due to the conflict or threatened trade sanctions on Russian imports, feed and food security are likely to remain uncertain and very volatile during the next 24 months.

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- DAFM should provide flexibility on EU MRLs and to recognise the reduced risk where feed is concerned. Furthermore, to acknowledge the facility to derogate under article 18 (4) of 396/2005 in exceptional circumstances.
- DAFM should provide flexibility on GM events not yet authorised in the EU but may have a credible risk assessment available either by EFSA or another major trading region.
- DAFM should explore with the Commission all policy measures under CAP and the green deal to increase feed grain production within the EU.
- DAFM should investigate the effect a temporary moratorium on the use of feed grains for biofuel would have on the market.
- DAFM should support a status quo on the proposed undesirable regulation (2002 /32) for a period of 24 months.
- All measures should be investigated to ensure access to fertilisers over the coming period. The availability of fertilisers will be absolutely critical to ensure an adequate supply of grass and silage.

The industry is, as always, willing to cooperate with DAFM in order to deal with the present challenges and will support their efforts in data collection, verification and cooperation with feed safety requirement as the situation evolves.

Finally, the association would like to express its concern for what is happening on a humanitarian front in the Ukraine. We also understand the move by certain EU member states to impose export bans on valuable grains for food consumption. It is important to acknowledge that the importers of these grains are some of the poorest countries and food security is important for stability and peace in these areas. In light of this we therefore ask DAFM not to support these export bans/restrictions