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PRESS RELEASE

PRICE OF CEREALS IN THE EU: NEED TO CLARIFY THE DEBATE

Brussels. Faced with the growing and legitimate concern from cereals users, in particular the animal feed sector, COPA and COGECA believe there is a need to clarify the debate:

- First of all, the steady prices, which can be seen worldwide and which are pulling European prices with them, are fundamentally due to the effect of the climate: a poor world and EU harvest in 2006, and world stocks at their lowest under the combined effect of climate incidents and increased demand. This rise follows on from several years of low world prices which were unable to stimulate enough production in third countries. In 2007, increased world demand will have a decisive impact.

- This price stability is certainly not due to the demand for cereals for bioethanol in the EU. The figures on the use of cereals for producing bioethanol speak for themselves: 3.5 million tonnes in 2006 and an estimated 5 million in 2007 for a production of 275 Mt of all cereals, barely more than 1% of production. These volumes have no bearing on prices in the EU. It is worth noting, furthermore, that when a tonne of cereals is consumed in the EU for the production of bioethanol, up to 40% returns to the animal feed sector in the form of by-products.

- However, it cannot be denied that world demand for cereals and in particular maize is partly the result of bioethanol development in the United States, and this is having a snowball effect on the price of other cereals. This is something over which European producers have no control.

- The EU's bioethanol policy or the way in which the CMO for cereals is run have not caused the current situation.

- Other aspects can have a far greater impact on the animal feed sector, in particular the risk of interrupting the supply of imported vegetable proteins due to delays in the authorisation of GMOs in the EU as well as the conclusions of the international trade negotiations as part of the Doha Round. These factors must be seriously taken into consideration.

For COPA and COGECA, this situation only confirms their belief that the Council must urgently review the obligatory set-aside rate. COPA and COGECA ask for this rate to be set at 0% for the 2008 harvest, without wanting to judge how the regime might pan out in future.

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