Panel "Supply Chains and Market Segments"

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THE DEVELOPMENT OF PLANT PROTEINS IN THE EUROPEAN UNION

OPPORTUNITIES AND CHALLENGES

22 & 23 NOVEMBER 2018 - VIENNA

Panel “Supply Chains and Market Segments”

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Austrian Presidency of the Council of the European Union

Federal Ministry
Republic of Austria
Sustainability and Tourism

European Commission

Highlights of the workshop on "Supply Chains and Market Segments"

- **Most feed markets are spot/commodities markets:**
  - Short-term price/quantity adjustment
  - "Anonymous nutrient" in formulation = no specific identity for species
  - By-products development rise
- **Most food markets and some specific quality markets in feed** (soya GM-free, healthy or environmental-friendly products…) **are based on more highly coordinated supply chains:**
  - Most often with crop contracts & premium price
  - Highly coordination is chosen when it reduces the transaction costs
  - Crop contracts favour more long-term group commitment in regions

alpro enjoy plant power

EXTRUSEL

Other examples during WS…

Highlights of the workshop on
"Supply Chains and Market Segments"

Specific markets generate a stronger "leverage effect" on crop subsidies, because commodities markets do not generate long-term investment for plant proteins cultivation in our territories.

While highly coordinated supply chains favour stronger long-term investments, which in turn, leads to collective progress.

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Highlights of the workshop on “Supply Chains and Market Segments”

Second nutrition transition has started

- Global market protein ingredients +€ 31 billion 2018 (+15% CAGR through 2025) with € **11 billion on plant proteins for food**
- Strong **growth of alternative proteins especially in Europe** compared with North America.
    - *Low diversity: on 2,2 million tons plant-based protein ingredients 56% soy, 43% wheat … but less than 1% for pea, rice, potatoes, rape seed faba bean, lupin, sunflower,* *(Improve data)*
- Decrease of meat consumption in Western Europe: **flexitarian model** is growing (especially France, UK, Germany…)
- **Organic market is pioneer**: many products innovations launched
- **Healthy food awareness rise**: products innovations by supermarkets
- **Increasing market for seniors** (30% Europeans 65+ in 2050)

Highlights of the workshop on “Supply Chains and Market Segments”

A nutrition transition based on two main types of food models

Whole-grains based foods: a stronger identity to species and regions, both tradition and modern gastronomy, recipes with cultural mixing…

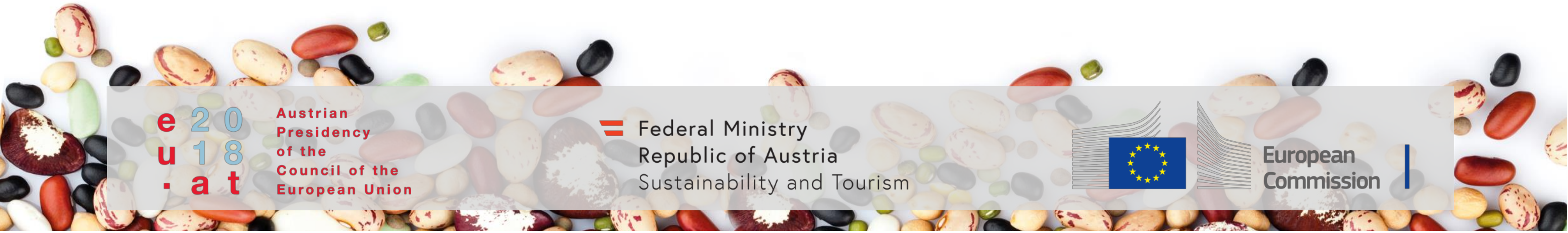
Ingredients-based foods: identity by the functional properties, all types of foodstuffs, no identity by the species or regions

Shelling, dehulling, crushing, flours… 20-25% proteins

Strong increase of production costs → requiring economies of scale

Fractionation, extrusion concentrates, isolates 40-80% proteins

- Scientific knowledge of the nutritional properties is growing
- Strong constraints on flavours
- New processes like fermentation…
- No strict opposition regarding “meat/animal-sources”: both Simili/Alternatives & Mix products



Highlights of the workshop on "Supply Chains and Market Segments"

Market segmentation is increasing as there are more diversified consumer profiles and even more variability in their habits.

Challenge:

to preserve various alternatives (both processes and species) and avoid future lock-in in a *dominant design*

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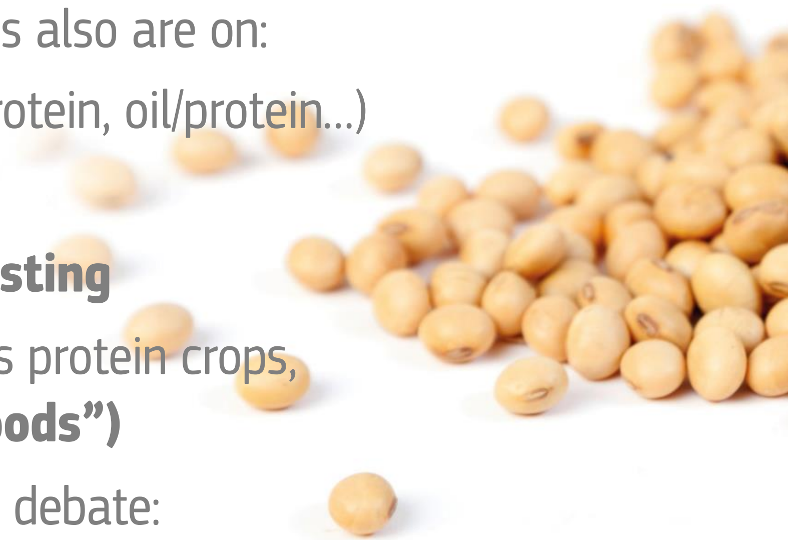
Opportunities identified

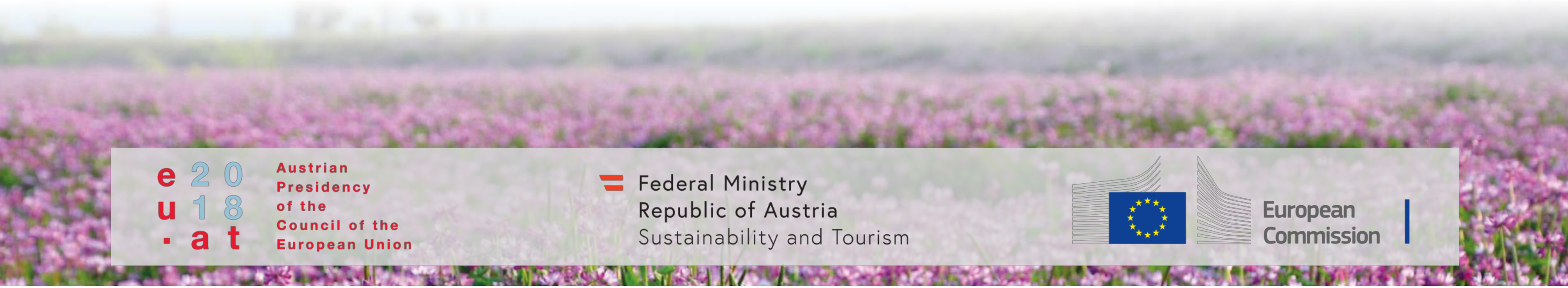
- Currently, the strongest increase among protein crops cultivation is the **European GM-free soya**, as the demand for **feed** & food is increasing
- European countries are oriented **towards more sustainable & healthy diets** through various initiatives… *Ex: Green Protein Alliance*
- Protein is not the only driver of pulses development, the challenges also are on:
  - **double business models** in ingredients markets (starch/protein, oil/protein…)
  - **fibres** intake needs for consumers
- **Low-process and high-process technologies are both interesting**
- Europe presents **various agricultural regions** to valorise various protein crops, and to keep and develop "**authentic**" various foods (**"identity foods")**
- Animal-/Plant-based protein equilibria consumption is not the only debate: how to **develop food identities on legumes ?**



Way forward

Protein plant subsidies both food & feed, should run with other policies

- **Support for highly coordinated supply chains**, as incubators of long-term progress to catch up the competitiveness gap of minor crops compared to major crops
- **Public recommendation on protein consumption:** could we achieve an European convergence around a new equilibria 50/50 or 60/40 plant/animal-based proteins in 2050?
- **Shift in diets & re-conception of livestock systems** in Europe are two sides of the same coin *to reconnect crop and livestock (circular models), new equilibria in livestock areas in Europe…*
- **Consumer education** (on nutrition, environmental impacts…) & **labelling strategies**



Thank you for your attention

HEALTHY AGRIFOOD SYSTEMS

Nutrition transition should go hand-in-hand with agroecological transition

DIVERSITY

LONG-TERM COMMITMENT