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The Netherlands

Grain and Feed

Update - Feed Demand and Developments

2001

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Report Highlights:

Mainly due to the MBM ban, Dutch soybean imports surged during the first nine months of 2001. Strict requirements for animal by products might have implications for US petfood exports to the EU.

Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

The Hague [NL1], NL

Production, Storage and Use of MBM in The Netherlands

Production: Meat and Bone Meal (MBM) is produced by a rendering company called Rendac. Rendac renders 17,000 MT of offals per week, producing about 4,000 MT of MBM. The MBM consists of Specified Risk Material (SRM), 2,500 MT per week, and Low Risk Material (LRM), 1,500 MT per week. A part of the LRM is used as an ingredient for pet food. The rest of the MBM is stored and is eventually burned.

Storage: Stocks of SRM and LRM are about 80,000 MT and 22,000 MT, respectively. In addition, about 12,000 MT of animal feed containing MBM is stored. During the first half of 2001, MBM stocks increased due to insufficient incineration capacity.

An inspection body of the Dutch Government reported several problems in the storage of MBM in June 2001. Concerns reported were: licensing irregularities, risk of spontaneous heating, insufficient storage conditions and health hazards to the workers such as high concentrations of carbon monoxide. In July 2001, the Dutch MinAg and the Ministry of Health convinced the Ministry of Defense to store MBM at military locations. On September 24, the Dutch MinAg reached an agreement with Dutch electric utilities and the Provinces involved to burn the MBM to produce electricity and to secure additional storage locations for about 70,000 MT.

Incineration: About 35 percent of MBM produced in The Netherlands is incinerated domestically (see table). An electricity company uses about 800 MT per week and a cement company uses 200 MT per week. The majority of Dutch MBM, however, is sent to Germany.

By August 2001, incineration capacity in Holland reached production levels, but is still insufficient to eliminate current MBM stocks. The Dutch MinAg, expects incineration capacity to be sufficient to burn all MBM, including stocks, by mid 2002. This means that Dutch incineration capacity will have doubled (see table). MBM stocks which are not stored according to regulations will be incinerated first and will be destroyed by March 2002. These stocks consist mostly of MBM stored before July 7, 2001. More recently produced MBM will be stored in big bags up to a total volume of 70,000 MT. Total costs of MBM production, transport, storage and incineration are estimated at Euro 9.1 million.

Incineration of MBM by Electricity and Cement Companies in The Netherlands and Germany 1,000 MT per week				
	September 2001	November 2001	January 2002	July 2002
<i>The Netherlands:</i>				
E-on	800	800	1,600	3,000
ENCI	-	200	200	400
<i>Germany:</i>				
Lafarge Karsdorf	450	450	450	450
Kraftwerk Bremen	600	600	600	600
RM Beckum	500	500	500	500
RM Rüdersdorf	225	225	225	225
Total	2,575	2,775	3,375	5,175

Dutch Viewpoint on MBM Ban

In the EU AgCouncil meeting of June 2001, the Dutch AgMinister, L.J. Brinkhorst, supported removal of the MBM ban, with the exception of feeding MBM to ruminants and from species to species. This would require segregation of feed production into three different lines. Exclusion of MBM from animals not fit for human consumption would require an extra line for the destruction of slaughter offals. Since 1999, ruminant feed production lines have been separated from other lines in The Netherlands. Costs for this were about Euro 34 million. There is also a separate production line of MBM for poultry feed. Therefore, the Dutch feed sector theoretically is capable of safely implementing the proposed EU removal of the MBM ban.

The sectors concerned are reportedly willing to use MBM but have noted that consumption will be lower than before the BSE crisis. Local retailers and export markets, are reportedly requesting that meat and eggs be produced without MBM feeds. The UK is supposedly requiring MBM-free bacon.

Use of MBM Prior to MBM Ban

Prior to the MBM ban, about 1.5 MMT of slaughter waste and carcasses were converted into about 300,000 MT of MBM annually. The Netherlands incorporated about 370,000 MT of MBM into 11.5 MMT of non-ruminant feed. In 1999, the consumption of MBM and other animal proteins such as feather meal and fish meal declined dramatically (see table). This decline is not a consequence of government regulations, but a reaction by the Dutch feed sector to concerns about recycling slaughter offals. The use and imports of fish meal and oil have been affected by reports of the presence of dioxins in foods. It is expected that, if the MBM ban is lifted, its use will be limited (see above).

Consumption of Animal Proteins and Production of Non Ruminant Feed in The Netherlands 1,000 MT						
	1995	1996	1997	1998	1999	2000
MBM	260	364	368	369	293	145
Feather Meal	67	54	54	53	34	21
Fish Meal	59	56	52	42	24	12
Non Ruminant Feed	11,657	11,824	11,568	11,444	11,420	11,125

Comments: The Netherlands was a net importer of MBM. The following feed ingredients can replace MBM, or have replaced it already:

- (1) Soybeans - During the first nine months of 2001, Dutch soybean imports surged by 13 percent to more than 4.3 MMT. The added volume during the past several months, however, has been almost completely provided by Brazil. While Dutch imports of Brazilian beans surged by nearly 30 percent, imports from the U.S. declined by 17 percent and are back to 1999 levels.
- (2) Fish Meal - An increase has not occurred probably due to dioxin concerns.
- (3) Corn Gluten Feed - Imports declined due to high prices and limited availability because of high U.S. demand.
- (4) Protein Concentrates - Good opportunities are expected for specific proteins which have similar nutritional characteristics as MBM and fishmeal, such as those required for fish and piglet feeds. A disadvantage is the high price of these ingredients.
- (5) Beans & Peanuts - contain too many growth - limiting compounds.

Animal Waste Directive

The proposed EU Animal Waste Directive will establish the principle that only animal by-products derived from animals fit for human consumption may be used for animal feed. The regulations, which will impose additional requirements for animal by products for animal feed, might have significant negative implications for U.S. exports of petfood to the EU.