

Animal Feed: The hidden GMO invasion

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The supply situation in Brazil
– a producer's perspective



IMCOPA – a quick run-down

- ❑ ... an all-Brazilian soybean crusher
- ❑ ... third-largest in Brazil (by volume crushed)
- ❑ ... founded 40 years ago (1967)
- ❑ ... still 100% family-owned
- ❑ ... five crushing plants (2006)
- ❑ ... exporting 85 to 90% to Europe
- ❑ ... and: The entire production is certified as sustainable and non-GM (< 0.1%)

A note up-front:

Nothing to worry ...

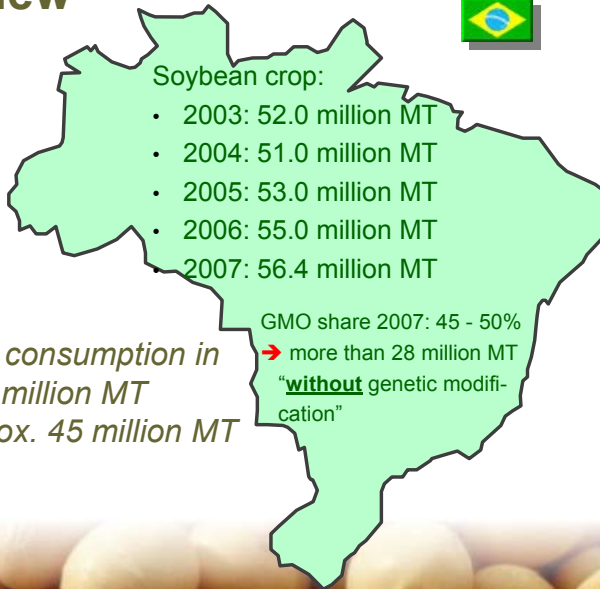
- ❑ Brazil, the world's only major producer of GM-free soybeans, can (still) meet all of the European demand for GM-free soy for animal feed
- ❑ "GM-free" means **less than 0.1%**

But

- ❑ The planting of Roundup Ready soybeans has increased significantly!

Brazil Overview

Soybeans



Total EU soy meal consumption in 2006: approx. 32.6 million MT
 (crushed from approx. 45 million MT of **soybeans**)



Brazilian National GMO Averages

Percentages in terms of harvested soybean tonnages

- ❑ 1996 – 2000 < 5%
- ❑ 2001 – 2003 8 – 10%
- ❑ 2004 12 – 18%
- ❑ 2005 20 – 25%
- ❑ 2006 30 – 35%
- ❑ 2007 45 – 50%

Mind you: This is still approx. 28 million tons of GM-free soybeans in 2007 – but the trend is worrying!



Future trend development

- Increase of GMO soybeans will continue – unless demand from Europe for “real” GM-free products rises.
 - Specific crushers of dedicated GM-free soybeans will be able to keep their supplier-growers – provided they can pay them the demanded premia.
- ⇒ Both trends depend greatly on **demand development** from Europe.



Trend slow-down and turn-around?

- **Slow down** of increasing **GMO beans** and even **growing volume** of **GM-free beans** is possible.
- They **depend entirely on demand development** – Prerequisites:
 - Request growing volumes
 - Specification of “claimable” GMO level of <0.1%*)

*) Clarification: Only <0.1% (and not 0.9%) specification will lead to success.

(1) Farmers cannot grow 0.9% soybeans. (2) 0.9% is useless in positive claims.



Competition from biodiesel?

- ❑ Concerns about competing demand from biodiesel industry
- ❑ Perhaps for mainstream crushers and farmers, but not for dedicated GM-free soy producers.
- ❑ Growing demand for soy meal certified against **'Non-GMO'** and **ProTerra***) Standards yields premia and is based on long-term relationships
- ❑ Makes suppliers "immune" to biodiesel temptation

*) Sustainability certification in compliance with *Basel Criteria for Responsible Soy Production*. Both standards come with documented **Full Traceability**.



Soybean planting



Soya planting on Amati family farm in Paraná (southeast Brazil)



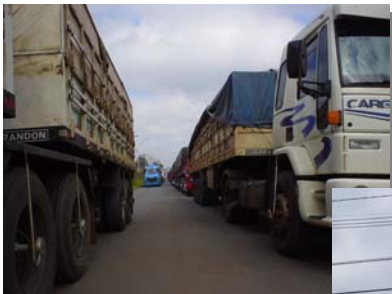
Soybean harvest



Soy combine harvester on family farm in Paraná (southeast Brazil)



Raw soybean delivery from coops



Systematic sampling of soybean lorries for GMO strip-testing outside of IMCOPA crushing plant in Paraná (southeast Brazil)



Soybean processing



Unloading of soybeans in IMCOPA crushing plant in Paraná (southeast Brazil)

Shipping of soy meal (1)



← Loading facilities in the Port of Paranaguá (Brazil)



IMCOPA soy meal warehouse in the Port of Paranaguá →

Unloading soy meal



Discharging meal cargo in a European port (Montoir)



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... plus four additional crushing plants in the State of Paraná



