



Trade and Competitiveness

AAF Markets and Products

- Food and feed sectors
- Non-food applications
- Plant-based chemistry

Annex-I products: native starches, modified starches, sweeteners, wheat gluten, fibers and proteins for feed

Non-Annex I products: fermentation products, hydrogenation products and polyols, others

AAF Figures – 2010

- 22 million tonnes of agricultural raw materials and 10 million tonnes of starch equivalent.
- € 7.7 billion turnover
- € 540 million investment (including €104 million in Research and Development)¹
- 14 400 employees
- Food (60%) and non-food (40%) applications

The European starch industry is in favour of trade conditions that allow fair competition and growth for the European starch industry in EU and on world markets. In this context non-trade concerns have to be addressed to maintain favourable trade conditions for the European starch industry.

1. The global starch industry

The European starch industry is dynamic and has demonstrated its ability to adapt to the changing trade environment. It invests heavily in innovation and has expanded its geographic and technical reach.

In 2011 worldwide primary starch production was around 73 million tonnes, of which approximately 30%, i.e 24 million tonnes, was native and modified starches a figure which has increased by 6 million tonnes since 2003. This was largely driven by growth in China and Asia.

At 10 million tonnes production p.a the EU is the third biggest starch producer, with approximately a 14% market share globally. Europe is the largest producer of potato starch. The largest starch markets are China and the US, each representing 30% of the world starch production. The fourth biggest starch producer is Thailand, which bases its industry on tapioca.

Nevertheless, the EU starch industry faces challenges internationally, e.g. the huge economies of scale of the US starch industry, the protected developing starch sector in China and the tax breaks supporting the Thai tapioca starch industry.

In 2010, 6 million tons of starch were traded, one third of it being exports from Thailand to China and other Asian neighbouring countries. The starch market in Asia continues to experience dynamic growth and is expected to increase by a further 2 million tonnes in the next 3 years².

2. Fair conditions in market access

The EU starch industry has always favoured multilateral trade negotiations over bilateral approaches. Nevertheless, we recognise the deadlock of the WTO Doha Development Round negotiations and acknowledge the intensification of the pace of bilateral trade negotiations.

The European starch industry seeks fair competition and access in international trade and fair competition on the EU market.

In this context, the ambition of the EU in market access liberalisation with third countries should take into account:

- the specific structure and characteristics of the EU starch industry,
- the development of the starch industry in third countries and programmes supporting it, and
- differences in costs (e.g. raw material, labour, energy, environmental) to maintain the competitiveness of EU starch products.

It should, in particular, take account of the fact that the EU's sugar regime largely excludes the EU starch industry from a very important market for its products. The global market for isoglucose, the starch based sugar, was more than 19 million tonnes in 2011, almost as large as the entire market for native and modified starches. Because of the EU sugar regime, EU production of isoglucose is restricted to less than 700,000 tonnes. As a result of its exclusion from this important market outlet, the EU starch industry has not been able to benefit from the same economies of scale as many of its international competitors.

¹ Over 2008-2010 period

² LMC (2012) Development in the starch industry