

**LTO Nederland**

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CABINET DE M. CIOLOS

SLIDE

European Commission  
DG Agriculture  
Commissioner Dr. Ir. D. Ciolos  
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BELGIUM

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PdC:

INFO

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Commissioner Ciolos,

We would like to draw your attention to our idea on a new market instrument for the EU cereal markets. It would comply with the modern objectives for food market stability within the EU, there is no distortion of cereal markets in third countries and it will in a modest way contribute to the worldwide felt need to replace fossil fuels for bio-fuels. The concept of the idea is that the inevitable cereal production surpluses will be obligatory designated to the bio-fuel markets, hence it will not return after its intervention on the EU food cereal market. To strengthen this concept, the objective of intervention stocks will be modified and a strategic food stock reserve will be established, that only will be used when a real cereal food shortage occurs. An important effect will be that the internal cereal markets work better, while animal protein feed will be produced after fermentation of the cereals, which could substitute some of the imported livestock feed.

This new idea for a cereal market stabilizer was initiated in our country The Netherlands and discussed with all market parties involved. Based on their apparent common interest, it was decided to have the economic impact analyzed (the result of that study is enclosed) and to discuss the concept idea with our European colleague organizations, including the organization of European bio-ethanol producers. The concept was received positively, moreover a need for some kind of market regulation or stabilization was strongly felt by all parties involved. The market volatility of recent years, has shown clearly that all market parties, including the producers, traders and food industry benefit from price- and supply stability. The concept instrument for the cereal market proved in the performed economic analysis to comply with these objectives, which will also be beneficial for consumers.

We sincerely hope that this concept for a cereal market stabilizer will receive your interest for consideration in the post 2013 Common Agriculture Policy of the EU. Of course, we will be happy to provide any further information about this idea.

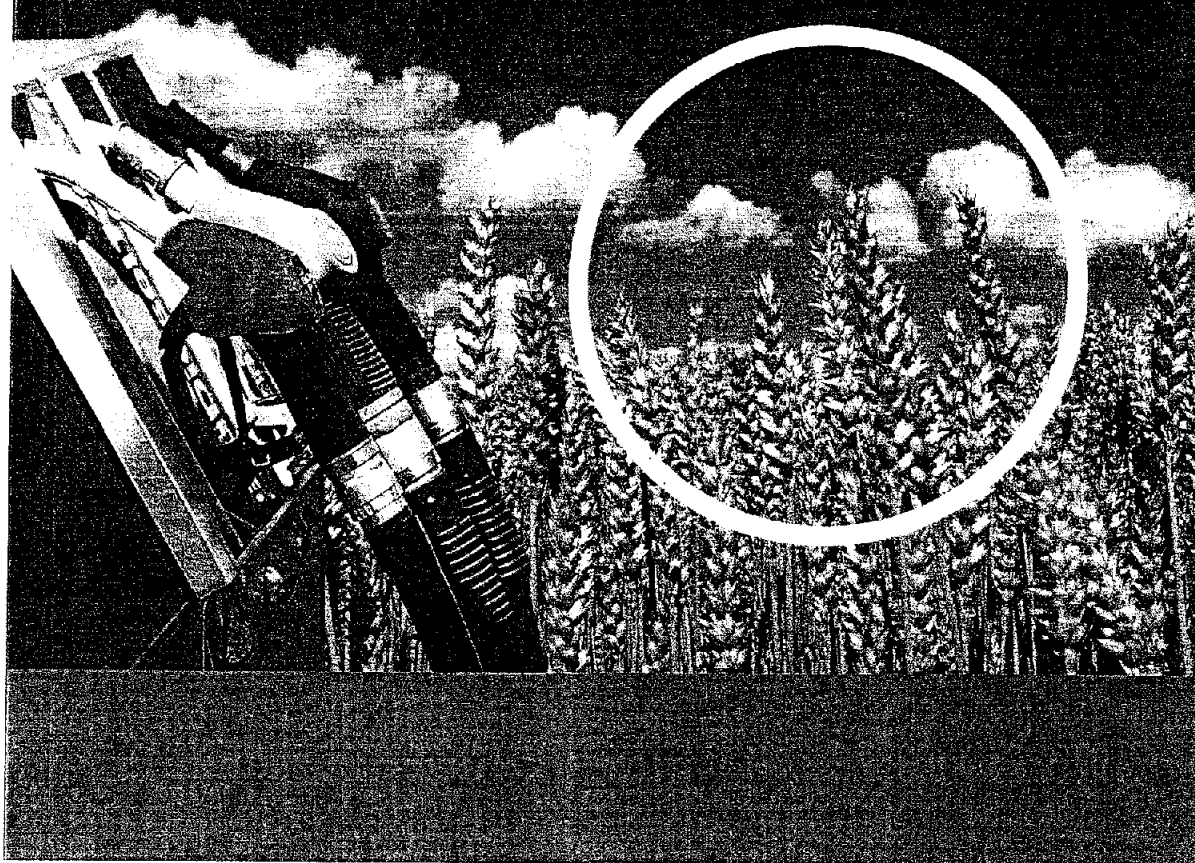
Yours faithfully

LTO Nederland

LTO Arable Crops

Annex: brochure LEI Wageningen:  
Stabilisation of the grain market by the flexible use of grain for bioethanol

# Stabilisation of the grain market by the flexible use of grain for bioethanol



LEI

WAGENINGEN UR