



Short Term Outlook

for EU arable crops, dairy and meat markets in 2014 and 2015

Contents

1. Arable crops
2. Dairy
3. Meats
4. Statistical annex
5. Macroeconomic outlook
6. Methodology

This publication presents the short term outlook for the arable crops, meat and dairy markets in the EU for 2014-15. The report is based on analysis of market experts within the Directorate General for Agriculture and Rural Development of the European Commission. Information and data available until 15 September 2014 have been used. Next issue will be published in winter 2015.

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http://ec.europa.eu/agriculture/markets-and-prices/index_en.htm

HIGHLIGHTS

- EU cereal harvest is forecast to set a new record in 2014, with strong exports and stocks expected to increase substantially.
- Record EU milk collection in 2014, coupled with strong world supply and the impact of the Russian import ban could lead to significant milk price decreases.
- Meat production starts to recover in 2014 after two years of low supplies.
- The weakening of the euro against the US dollar since April supports EU competitiveness in world markets.

The 2014 EU cereal harvest is expected to reach a record of 317 million tonnes, due to the combined effect of an increase in planted area and higher yields, favoured by good climatic conditions. This higher availability will not only benefit the livestock sector and exports, but would substantially replenish cereal stocks from 32 to more than 50 million tonnes, bringing the stock to use ratio up from 12% to 18%.

In parallel to the worldwide increase in milk production, EU milk deliveries in 2014 are expected to reach a record of 146.4 million tonnes. These developments, together with the introduction of the Russian import ban, contributed to the decline in dairy products prices (from record high levels). In the short run, part of the milk used to produce cheese destined to Russia is expected to be channelled into SMP and butter, while dairy operators look for export opportunities to other countries.

After three years of continuous decline, the increase in dairy herd will allow for some increase in beef production in 2014. The bans imposed on EU meat exports to Russia as of February slightly delayed the recovery in pig meat production, but 2014 sees continuous growth in EU poultry meat production.

1. ARABLE CROPS

World cereal harvest in 2014 marginally lower, but stocks of wheat and maize increase

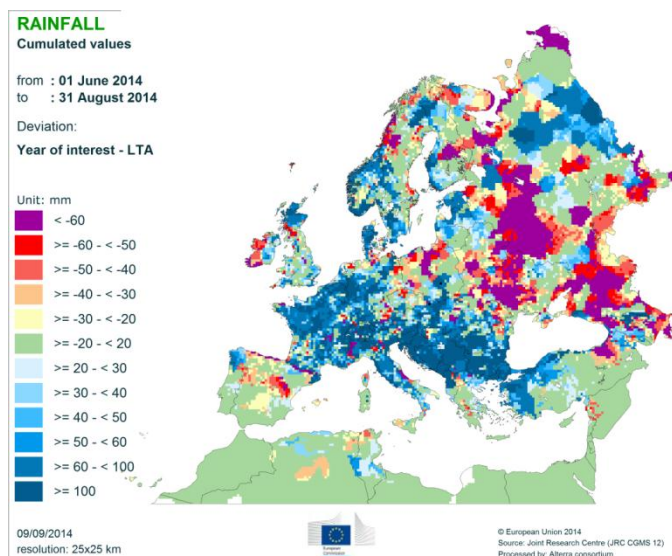
The September issue of the International Grain Council (IGC) reports a world cereal production at 1 983 million tonnes, just 10 million tonnes below 2013's record. Wheat production is estimated by IGC at its highest ever level (717 million tonnes), while maize production would be just 1% below last year's record (974 million tonnes). World stocks of these two commodities are expected to increase from 59 to 60 million tonnes and from 63 to 66 million tonnes, respectively.

Record new harvest expected to increase stocks

The 2014 EU cereal harvest is expected to reach a record of 317 million tonnes, of which 146 million tonnes of soft wheat (+8% compared to previous year's harvest) and 72 million tonnes of grain maize (+10%). The increase is explained by more planted areas (+1 million ha) and higher average yields, up from 5.2 to 5.5 t/ha. The previous record of 311 million tonnes was achieved in 2008/09.

At EU level, the soft wheat harvest is expected to reach 145.6 million tonnes, 10.5 million tonnes higher than in the previous year, due to an area increase of 1 million ha, driven by favourable market prices of last year, and good yields at 6 t/ha on average (+3.3% compared to last year). Summer weather conditions have been favourable for the development of all summer crops, providing the necessary moisture and temperature for good biomass development (see Map 1).

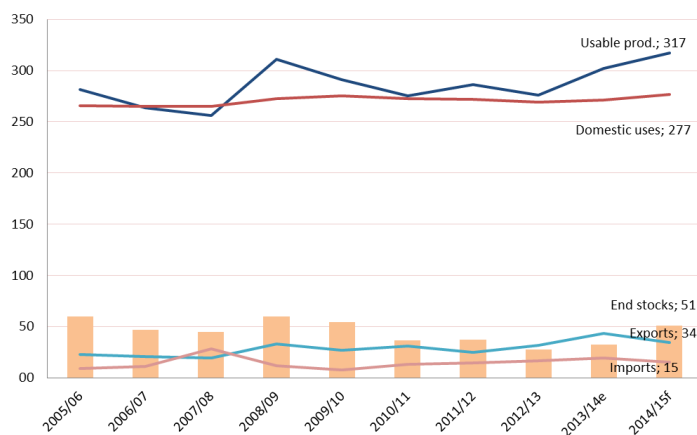
Map 1 Higher than average rains in summer (see blue areas) were beneficial for summer crops



Large availabilities allow for cheaper feed and high exports

More than half of the cereals produced in the EU are used to feed livestock. Feed use is expected to increase compared to the previous year by 3.3%, to 170 million tonnes, as a consequence of expected increases mainly in milk production and poultry. The larger availabilities in feed wheat and the good maize production are keeping prices under pressure.

Graph 1 EU* cereal balance sheet (million tonnes)



* EU-27 between 2005 and 2012, EU-28 from 2013

Source: DG Agriculture and Rural Development

This record production should allow for good exports during the marketing year 2014/15, with cereal exports expected to reach a higher than average level of 34.5 million tonnes against an average of 30. In the first months of the new marketing year levels of wheat exports continued at a similar pace as last year, when record exports were reached (30 million tonnes); the final level of wheat export is projected so far to reach 25 million tonnes.

Cereal stocks are expected to recover at more than 50 million tonnes (compared to 32 million tonnes last year), with the stock to use ratio going up from 12% to 18% (with respective figures for wheat, barley and maize reaching 14%, 19% and 27%).

Second successive year of good EU oilseed and protein crop harvest

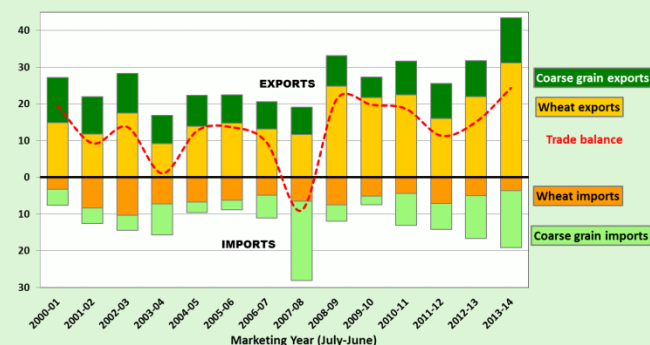
The 2014 EU oilseeds harvest is expected to reach 32.8 million tonnes, an increase of 1.6 million tonnes compared to last year. In particular, rapeseed production is expected to increase from 20.9 to 22.2 million tonnes, the combined result of a 7% increase in yield and a 0.6% decline in area.

The increase in rapeseed area in France by 4.4% is completely offset by the decrease in Germany of almost equal magnitude. Sunflower production is estimated at a comparable level to last year, with a decrease in area (-6%) offset by an increase in yields.

EU record cereal trade in marketing year 2013/14

At the end of the marketing year 2013/14, EU cereal exports reached a record of 43.5 million tonnes, of which 30 million tonnes were soft wheat and flour (47% above average) and 8.8 feed and malting barley (36% above average). Imports totalled 19.2 million tonnes, not as much as in 2007/08 but 44% higher than average; of these, 15 million tonnes were grain maize (10 million above average). EU was a net cereal exporter by 24 million tonnes.

Graph 2 EU-28 cereals trade (million tonnes)*



Source: DG Agriculture and Rural Development based on Eurostat – Comext

* including flour and other processed products in grain equivalent

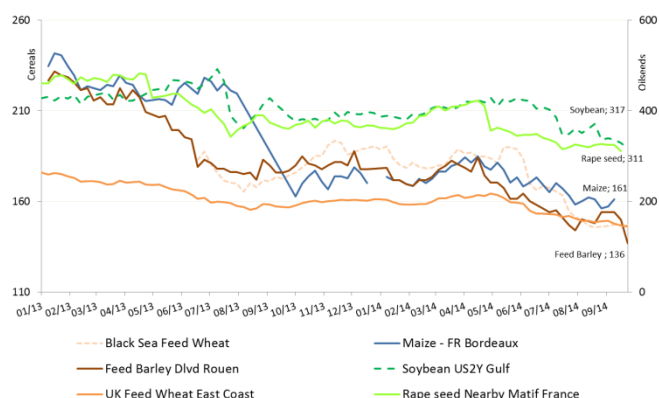
France, Germany, Romania and Lithuania were the main exporters of wheat (respectively with 42%, 22%, 15% and 5% of the EU total) with main destinations the Maghreb countries (29%), Iran (12%), Egypt (10%) and Saudi Arabia (8%). Lithuania confirmed for the second successive year its position as the 4th EU cereal exporter. The main origins of EU barley exports were France (27%), Germany (18%), Belgium (13%) and Romania (11%), and the main destination South Arabia (37%).

EU imported mainly maize from Ukraine (64%), Brazil (9%) and Russia (8%), to mainly Spain (29%), the Netherlands (19%) as port of entry, Italy (13%) and Portugal (9%).

Protein crops are forecast to increase to 2.7 million tonnes, i.e. by 12% more compared to the previous year. This consistent increase is explained by an increase in area at EU level, for field peas by 6% and broad beans by 12%. France contributed with +17% and +12%, and Germany with +12% and -4%, respectively. Yields also increased, for field peas by +3% and broad beans by +4%.

Cereal food and feed prices are declining

In the last months, world prices have continued declining. Large availabilities at EU and world level and the expectations of a good maize harvest in the Northern hemisphere put downward pressure on prices of the main commodities.

Graph 3 Feed compound prices (EUR/t)

Sources: DG Agriculture and Rural Development and USDA

EU wheat price for the medium quality (FOB Delivered Rouen quotation) fell to 157 EUR/t on September 23 (the respective quote last year was 190 EUR/t). Nevertheless, the wheat price is still 55% higher than the intervention price. The weakening of the euro/US dollar exchange rate since April is supporting export demand and therefore limiting the decline in world prices.

Similarly, due to high availabilities of new grains and an expected good harvest of maize, prices for all the main feed grain compounds are showing a decrease, which is expected to benefit the livestock sector: United Kingdom Feed wheat FOB is at 145 EUR/t (186 EUR/t last year), Maize Budapest 114 EUR/t (136 EUR/t last year). US Soybean export prices are showing a downward trend since July, in anticipation of a large harvest in the US. Their level is about 18% lower than during the same period last year. Rapeseed MATIF (nearby quotation) is also showing lower values than in the previous year (about 14% lower), again on the expectation of a good harvest.

2. DAIRY

Higher world milk supply

In the first half of the year milk production in the EU, US, New Zealand and Australia increased by close to 5%, and further increases are to be expected for the second half of the year (the milk production season starts in Oceania in June/July). US production continues its increase driven by dynamic domestic demand, high milk prices and reduced feed costs which have led to record high margins for US milk producers. In the EU no real slowdown in production is expected before the very end of the year.

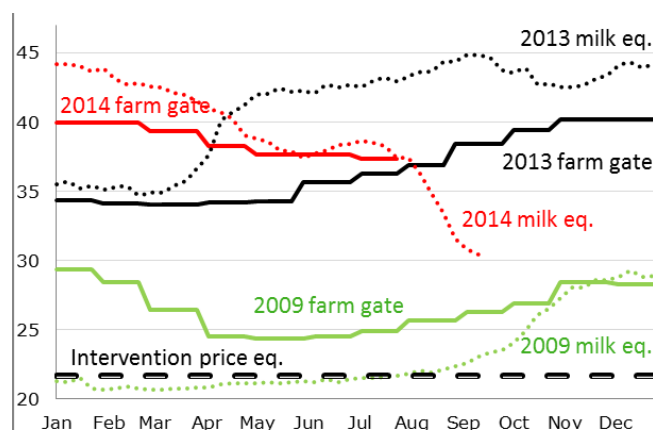
This increase follows a remarkably long period of record high prices due to the continued expansion of world demand at a higher rate than supply. EU prices started to decrease during the spring, as milk supply increased worldwide (butter prices had started to fall

in January, while for powders the decrease started in March).

Commodity prices further affected by the Russian ban

The Russian ban, introduced on 7th of August, added to the downward price pressure in dairy markets by suddenly and abruptly reducing demand from the main market for EU exports. Russia is mainly buying cheese from the EU (see text box) and, in the short run, part of the milk used to produce cheese for Russia is expected to be channelled into skimmed milk powder (SMP) and butter.

This development coincided with the slowdown in the increase of Chinese purchases of SMP from the EU, following record levels reached end of 2013 and beginning of 2014. According to the latest trade statistics, EU July exports to China were still above last year, but some operators expect a slowdown in Chinese imports due to replenished stocks.

Graph 4 EU farm gate milk price development compared to the milk price equivalent (EUR/100 kg)*

* based on SMP and butter (but not accounting for cheese, which represents 50% of the milk use)

Source: Eurostat

Prices of dairy products decreased sharply in August, but in September their decreasing trend slowed down. In the week ending on 21st of September, EU average SMP prices were at 218 EUR/100 kg, whole milk powder (WMP) at 247 EUR/100 kg and butter at 307 EUR/100 kg. These levels are around 30% below last year and 20% below the 2011-13 average. However, for both SMP and butter, EU average prices are significantly above intervention prices, respectively 29% and 38%. Cheese prices are around 10% below last year and rather stable compared to the 2011-13 average (except for Emmental, whose price is still above past levels).

Milk prices expected to decline from their record high levels

The latest EU average milk price available is for July. At that date, the price paid to farmers (in real fat content) was still 2.5% above July 2013 at 37.3 EUR/100 kg. This average hides a variety of situations: in 12 Member States, high milk supply and downward pressure on dairy products prices had already been translated in July into prices below last year, notably in Lithuania (-11%), Ireland (-4%) and Germany and the Netherlands (-1%). By contrast, prices were still well above last year in the other Member States, notably in the United Kingdom (+10%) despite the very significant increase in production, in Finland (+7%), Spain (+9%), Poland (+6%) or France (+3%).

The milk price for August is currently only known in certain Member States. It indicates that in Lithuania the milk price was 20% below last year, in Estonia and Latvia 10% below, but in Poland only 3% lower. In the Netherlands, France and Finland an increase compared to July was registered. Compared to the intervention price equivalent, the farm gate milk price was still between 25% and 40% higher in Estonia, Latvia and Poland, but 12% above it in Lithuania.

Since the introduction of the Russian ban, some dairies have announced price reductions, yet these would still apply to record high prices as, during the first seven months of the year, the EU milk price was on average 11% above last year. In some Member States, such as France, the decrease in ingredient prices start translating into lower milk prices after 2 to 3 months only. This lag is also observed at EU level (Graph 4).

As a consequence, the EU milk price is not expected to decrease significantly before the very end of the year, and the lowest point for the EU farm gate milk price might not be reached until the first quarter of 2015. Prices are expected to increase again in the second half of 2015.

EU milk deliveries almost 4% higher in 2014

Up to July 2014, EU milk deliveries were 5.8%¹ above last year. Since in the first half of 2013, milk deliveries had been affected negatively by bad weather conditions, this increase seems particularly high: compared to 2012, milk collection rose by around 3.5%. This record milk collection has been stimulated by very good forage availability, including during the summer, and by strong milk prices. The number of dairy cows increased because farmers have been preparing for milk quota abolition in April 2015.

With milk prices at still relatively high levels and lower feed costs as cereal prices continue their downward trend, production is not likely to decrease in some Member States in the short-term as the average lag between a strong decline in commodity prices and farmers' reaction is, on average, 3-6 months.

However, several Member States are still bound by the quota. In countries like Ireland, Poland or Germany, only a significant slowdown will be necessary by March next year to limit the surplus levy bill. In the Netherlands and in Denmark this slowdown can already be observed. In the Baltic Member States market signals might have reached farmers earlier than in other countries, implying a possible faster downward adjustment in milk supply. In France and in the United Kingdom, milk collection is expected to remain above last year until the end of the year.

Therefore, EU milk deliveries are expected to stay above the very high levels of last year until October. In November and December they could pass slightly below last year (i.e. still 4% above 2012).

For the whole year 2014, EU milk deliveries could therefore reach 146.4 million tonnes (+3.7% compared to 2013). In 2015, milk collection could increase further by up to 1.6%. Three main elements will play a role in this lower increase: a decrease in milk collection in the first quarter of the year in the Member States bound by the quota, a rebound after the quota expires in these countries (though lower than previously expected) and a slower supply increase in the other countries due to lower milk prices expected next year.

More milk processed into powders and butter

Between January and July 2014, the production of SMP has been 20% above last year, driven by higher milk availability but also by very good export demand (+60%) especially from Algeria and China which absorbed 35% of exported volumes. In the remainder of the year, SMP production is expected to increase further because part of the milk initially processed into cheese for Russia will be channelled to the production of SMP and butter, storable products eligible for intervention and private storage.

In 2014, SMP production is therefore forecast at 1.3 million tonnes, 18% above last year. The increase is expected to continue next year at close to 8%. Given that domestic consumption in the EU is rather stable, any additional quantity produced is to be exported or stored.

As mentioned above, exports have been very high in the first months of the year. Russia is not a main customer for SMP, and the ban therefore has a minor impact. Despite the slowdown in Chinese purchases, significant volumes could nevertheless find their way to China. But most of all, the reduction in EU SMP

¹ The estimate is based on the monthly survey of Eurostat except for Spain where the quota database was used.

prices, combined with a weakening euro against the US dollar should allow for higher exports to other countries in Africa and Asia where volumes had been declining in 2013 as prices rose.

In 2014, SMP exports could reach more than 580 thousand tonnes, 43% above last year. In 2015, exports are expected to continue increasing (+15%). However, with the production increase exceeding export growth, the market balance could show total stocks at the end of the year reaching 18 000 tonnes above last year. (In the first two weeks that the private storage aid scheme was opened, 4.3 thousand tonnes were offered. There were no offers for public intervention.)

In the first seven months of the year, WMP production increased by 14% and exports by 13%. In the remainder of the year, even though more milk might be processed into SMP and New Zealand will come back strongly on the market, WMP production is still expected to increase because of good demand which will be further stimulated by lower prices. For the whole year, WMP production is expected to reach nearly 780 thousand tonnes (+11% compared to 2013) and exports 415 thousand tonnes (+11%).

The Russian ban weighs heavier on the butter market

Butter production was already on an upward trend before the introduction of the Russian import ban, with an increase of 3% in the first seven months of the year compared to last year. For the whole year, production is expected to increase by more than 5%. Exports have been very dynamic between January and July, 28% above last year with noticeable increases towards Russia and the US. Usually, Russia absorbs around 25% of EU exports. This outlet is currently closed. Exports to the US could increase further as the US market is short of butter following the strong increase in US cheese production.

In 2014, EU exports are expected to increase by 13% compared to last year. However, at 130 thousand tonnes, these exports represent less than 6% of the EU production. Therefore, despite the favourable domestic and export demand for dairy fat, total stocks might increase by 70 thousand tonnes at the end of the year. (In the first two weeks of aided private storage, 8.8 thousand tonnes were offered, but no quantities were offered to public intervention so far.)

Cheese is also a sector directly affected by the ban, given that Russia is the destination of more than 30% of EU exports (which represent close to 3% of EU production). Despite the expectation that exports to the other destinations might increase up to 8%, total EU exports are expected to decrease by 11% in 2014 compared to last year. Under the assumption that the ban will be in place for one year, 2015 exports are forecast at 736 thousand tonnes, i.e. 5% above 2014.

After the ban was introduced, cheese prices did not decrease significantly because dairies adapted to the new situation by re-directing the cheese already produced for Russia towards other markets (at a lower price) and by reducing cheese production. Nevertheless, for the whole year total cheese production is expected 1.8% above last year at 9.8 million tonnes. During the first seven months of the year it had already increased by 2.3% compared to 2013 and in the remainder of the year it should remain above last year (given the on-going higher milk collection and the quantities absorbed by the domestic market). Production and exports of processed cheese are also on an upward trend.

After stagnation in 2013, EU per capita cheese consumption might increase in 2014 by 1.6% even though in certain Member States the economic growth recovery is delayed. Cheese stocks are likely to build up if growth of production is not absorbed by increased consumptions and/or exports.

Focus on Russia

Between 2011 and 2013, EU exports of dairy products to Russia accounted for 1.4% of EU milk production. This share was much higher in Finland, Lithuania, Estonia and Latvia.

Russia was the destination of 13% of the EU exports (in milk equivalent) and the main exporters in volume terms were the Netherlands, France, Germany, Belgium, Poland and Denmark.

Close to 25% of EU butter exports went to Russia. Two third of these exports originated from Finland and France.

Cheese exports to Russia accounted for close to one third of EU total cheese exports and 2.6% of EU cheese production in dairies.

In 2013, 13% of exported cheeses were Gouda, 5% Edam and 37% were of a similar type (CN code 04069087). Fresh cheeses represented 15% of exports and processed cheese 7%.

Denmark and Lithuania were the main suppliers of fresh cheeses. 90% of processed cheese originated in Finland. The main suppliers of semi hard cheeses were by far the Netherlands followed by Germany, Poland and Lithuania.

For more details, please see http://ec.europa.eu/agriculture/russian-import-ban/pdf/dairy-production_en.pdf

A stable fresh dairy market except for dynamic cream consumption

The production of fresh dairy products is expected to remain rather stable in 2014 as in the first seven months of the year (+0.3%) and this should continue in 2015. With the exception of cream for direct consumption, the consumption of fresh dairy products in the EU is not dynamic.

However, exports which still represent only 1.3% of EU production are constantly increasing (+20% between January and July compared to 2013) and for the whole year exports are expected to be 15% above last year.

3. MEATS

Dairy herd restocking brings more beef to market

After three years of continuous decline, the EU beef production is likely to increase in 2014 by more than 110 000 tonnes compared to 2013. This development is mainly driven by the increase in the number of dairy cows in anticipation of the abolition of the dairy quota system and the consecutive higher availability of bovine animals². In addition, lower feed costs and good forage quality could result in higher carcass weights. In the first seven months of the year, slaughterings are estimated 1.4% above last year³.

The situation at Member State level is very diverse and depends mainly on the stage of each country as regards the re-building process of their dairy herd. For example, in Germany and in Ireland, slaughterings in the first seven months of the year are well above the respective 2013 numbers (by 3% and 15% respectively) because of a higher number of cull cows as well as more dairy male bovine animals fattened. In these two countries, the number of dairy cows is temporarily increasing by 2.1% and 5.4% respectively, according to the May-June livestock survey, but since this increase started 4 years ago, it has already brought additional meat on the market. On the contrary, in Spain and Italy, which are at an earlier stage of the re-building process with high rates of herd increase (at +5.2% and +3% respectively), the first effect to be felt is a lack of females to be slaughtered, leading to a decrease of around 4 to 5% in net production in the first seven months of the year.

France finds itself at an intermediate stage; slaughterings have decreased by 1% in the first seven months of the year compared to 2013 because farmers keep on bringing more heifers in milk production; the May-June livestock survey showed the number of dairy cows 2% above last year. Moreover, the decline in the number of beef cows might have come to an end, since both the latest livestock surveys indicate a stabilisation of the herd. This might also be the case in Spain. However, in the United Kingdom and Ireland, accounting for 2.5 million heads of suckler cows, the on-going expansion of the dairy herd takes place at the expense of the number of beef cows which is further decreasing.

The 2014 increase in net production is forecast to be much higher in the EU-N13⁴ (+7.6%), compared to the EU-15 (+0.8%), because in these countries the restructuring of the dairy sector is still going on strongly. In Poland, where more than half of the beef production in the EU-N13 takes place, slaughterings went up by 17% in the first seven months of the year compared to 2013, and the number of dairy cows in the May-June survey was 2.2% below last year.

In the coming months, some cows might be culled earlier than foreseen in certain Member States because of the expected downward milk price adjustments but also in order to limit the production above the 2014/15 quota, and this should contribute to a higher beef supply. In 2015, beef production could increase further by 2.6%.

During the first seven months of the year, beef volumes shipped outside EU increased strongly (by more than 30%), driven by higher demand from Russia (+70%), Bosnia Herzegovina (over +100%) and Switzerland (+15%). Despite this performance, for the whole 2014, the increase is expected to be limited at around 8% as Russia will not import EU beef in the second part of the year due to the introduction of the import ban on the 7th of August. Beef exports should stay virtually unchanged in 2015.

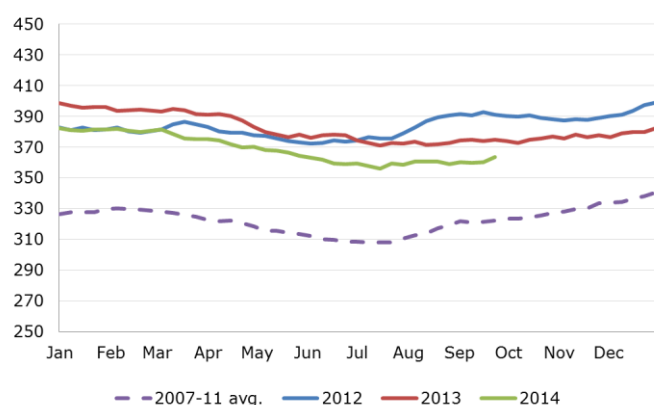
EU total beef imports are seen to decrease slightly by 6 000 tonnes over the outlook period. Meat imports from Argentina and Uruguay are expected to decline due to increased domestic meat consumption targets at controlled prices set in these two countries. Over the first seven months of the year, imports from Argentina decreased by 14% and from Uruguay by 10%. The higher imports from Australia will not fully compensate for this loss. Brazil is the first EU supplier, but also the sole major beef producer not banned by Russia. This, combined with a weaker Real exchange rate, increases the Brazilian competitiveness on the international market and could result in higher Brazilian shipments to Russia, to the detriment of the EU market.

Beef prices were on a declining trend from March 2013 to July 2014; they started to recover since then, and currently remain high and well above the 2007-2011 average. EU beef price reached 362 EUR/100 kg by the 21st of September 2014. World prices are increasing for several months because of tight supply in the US and strong demand in Asia. The higher beef availability on the EU domestic market is for the time being well absorbed by the market (see Graph 5).

² Two third of the beef meat comes from the dairy herd.

³ Because of break in time series in Italy, the EU net production is to be estimated.

⁴ Member States who joined the EU since 2004.

Graph 5 Price for young bulls R3 (EUR/100 kg)

Source: DG Agriculture and Rural Development

Higher beef availability and lower prices should help the flat domestic demand to pick up after the depressed 2013 level, slowly at first (10.5 kg/capita in 2014) and more pronounced next year to reach 10.7 kg/capita (in retail weight).

First signals of production increase after two years of reduced pig meat supply

After two years of reduced pig meat supply, a further 0.5% contraction of the pig meat production is expected for 2014. But the decline in production took place in the first half of the year and there are now signs of a recovery in production; in May-June the number of breeding sows was higher compared to last year, notably in Germany, the Netherlands, Spain, Denmark and Hungary. In 2012 and 2013, the implementation of new welfare standards in the EU led to a declining production because of a decrease in the number of breeding sows and consequently of piglets. Production was expected to recover slightly already in 2014, but the outbreak of African swine fever (ASF)⁵ in February 2014, which led to a full ban of EU exports to Russia (even before the August ban was imposed by Russia) delayed the recovery in EU production by bringing uncertainty in the market.

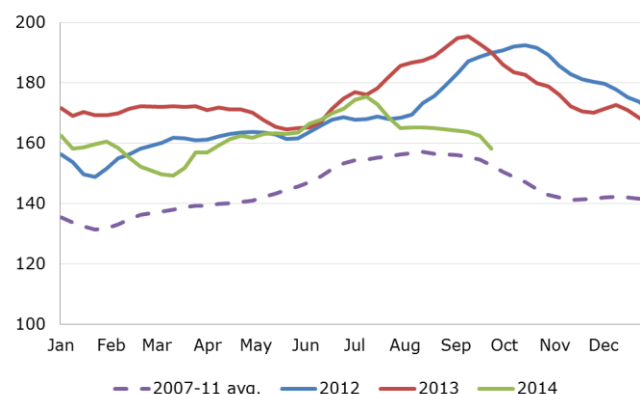
The situation varies among Member States. In the first seven months of the year, slaughterings went down compared to last year in three of the main producing country: -2% in Germany, -1% in Denmark and around -5% in Italy. Slaughterings were relatively stable in France, while noticeably higher in Poland (+7%) and the Netherlands (+3%).

The lower feed prices should allow the sector to cope with declining pig prices and to achieve a projected 0.8% production recovery in 2015.

⁵ In January a few cases of ASF in dead wild boar were discovered in Poland and, Lithuania close to the border with Belarus. During the year further cases came up also in Latvia and Estonia and also in domestic holdings.

The 2014 EU pig meat exports are expected to decline by just 8% compared to 2013, despite the loss of the Russian market since February 2014, which accounted for a quarter of total extra-EU pig meat exports⁶. Part of the volumes initially destined to Russia is expected to be absorbed by some growing Asian markets like Philippines, South Korea or Japan. As the sector is affected by two bans (including the one for alleged sanitary reasons which the EU is contesting in WTO), EU exports are expected to remain stable in 2015, provided that strong demand from our Asian partners and price competitiveness will continue next year. In addition, new outlets could appear (for example, Vietnam, which recently opened the market for fresh and frozen pork, but this would depend on the time needed for logistics and certifications).

Moreover, trade diversion of Brazilian meat towards Russia could leave room for EU exports to the usual export destinations of Brazil. In order to secure the supply of pig meat, Russia has authorised several Brazilian companies in an attempt to find substitutes for the pig meat imports from the EU, and has been searching other suppliers (as Chile, Argentina, Ecuador and China) for additional quantities of beef, pig and poultry meat.

Graph 6 EU pig meat price class E (EUR/100 kg)

Source: DG Agriculture and Rural Development

Despite the Russian ban, pig meat prices remained firm so far because the supply in the EU was limited. After a drop in March 2014, the EU pig meat price has gradually increased and reached 170 EUR/100 kg in July. The EU price kept relatively stable through August but, from the beginning of September, it went down to 158 EUR/100 kg; nevertheless, a decrease in pig meat prices is a normal feature in autumn when slow demand meets higher supply.

In 2014, pig meat consumption is expected to be stable at the 2013 low levels (31 kg/capita in retail weight). Consumption is expected to resume growth in 2015 together with higher availability on the EU market and better prospects of economic growth.

⁶ Including live animals, fresh/frozen, salted, processed, offal and fats (in carcass weight equivalent); 2013 data.

Focus on Russia

Russia is one of the most important EU meat export destinations:

- first destination for EU beef – the EU exported around 233 000 tonnes of beef (2011-2013 average), of which the largest share went to Russia (29%, i.e. 68 000 tonnes of beef (mainly fresh and frozen meat) with more than half of the quantity being supplied by Poland, Lithuania and Germany.
- first destination for EU pig meat – the EU exported around 3.2 million tonnes of pig meat⁷ (product weight) outside the EU with main destination Russia (24% or 800 000 tonnes of pigmeat products). Main exporters in volume are Germany, Denmark, Spain, France, the Netherlands and Poland (altogether 80% of EU pig meat exports to Russia). Most exported pig products to Russia are frozen meat (43%), lard (32%) and offal (15%).
- fifth destination for EU poultry meat exports with 8% or an average of 100 000 tonnes of poultry meat, mainly fresh and frozen shipped by France, Germany, the Netherlands and Belgium (altogether 70% of the quantity). EU exports to Russia are a mix between fresh and frozen valuable bone-in cuts and frozen mechanically separated meat of lower value.

However, exports to Russia represent a limited share in EU production: 3% for pig meat and less than 1% for beef and poultry. In addition, growing levels of Russian domestic production to increase self-sufficiency had been limiting already EU exports of beef and poultry towards Russia.

For more details, please see http://ec.europa.eu/agriculture/russian-import-ban/pdf/meats-production_en.pdf

Poultry meat production keeps on increasing in spite of the higher availability of other meats

Poultry meat has been expanding steadily for several years and, for the time being, there are no signs that 2014 and 2015 will be an exception. Lower feed prices, reduced pig meat availability and sustained demand are expected to drive the 2014 production up by 1.9% compared to 2013.

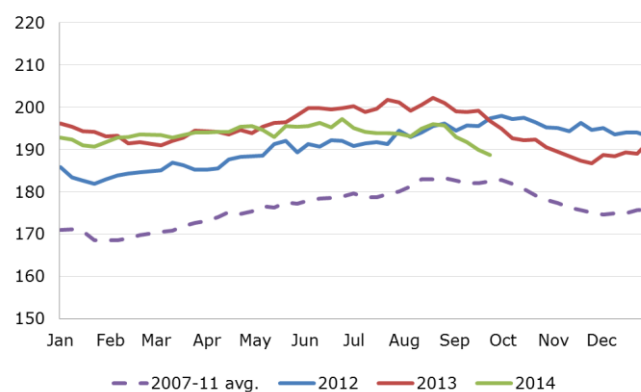
⁷ This figure includes all pig meat products (fresh, frozen, salted meat, offal, fats and preparations). For calculation and comparison reasons offal are not included in our balance sheet (the meat and meat products are converted into carcass weight equivalent and offal are not part of the carcass).

More poultry meat production is expected in Germany, Spain, the Netherlands and Poland, while decreases in production are expected in Italy and France. Some problems in the United Kingdom on hygiene conditions could have a negative impact on the domestic consumption. The recovery expected in beef and pig meat production in 2015 could limit the expansion of poultry meat to 0.7%.

Imports into the EU retreated slightly in the first seven months of 2014 compared to last year, with fewer shipments from Thailand due to political tensions and to their reorientation to closer markets (as Laos or Japan). In addition, Brazil is increasingly supplying the Russian, Saudi Arabian and Chinese markets. Therefore, 2014 imports are expected to decline (-3%) for the second year in a row and to remain at this level into 2015.

Exports of poultry are expected to decline as well for the second year in a row. The slight increase registered in the first part of the year was mainly driven by Russia, which was compensating for lower pig meat supply. The introduction of an import ban on poultry too stopped this possibility. Increased demand from South Africa, Philippines and Hong Kong will not be able to outstrip the declines in volumes to Saudi Arabia, Ukraine, Yemen and Ghana (and the closed Russian market).

Graph 7 EU poultry meat price in EUR/100 kg



Source: DG Agriculture and Rural Development

After reaching record levels above 200 EUR/100 kg in the summer of 2013, the EU average price for poultry meat developed within a range of 187-197 EUR/100 kg; from 196 EUR/100 kg in July 2014 it moved in the second half of August to 193 EUR/100 kg, the same level as the 2009-13 average; however, this small decrease is not directly linked to the Russian ban: feed costs have been declining and prices have adjusted downwards to the increased production.

Increased production over the outlook period and consequently lower prices should stimulate further domestic consumption to reach the level of 21.8 kg/capita (retail weight) by 2015.

Stable sheep meat production in 2014

Production of sheep and goat meat declined slightly in 2013 (-0.4%). The modest 0.3% increase in slaughterings in registered slaughter-houses did not compensate for the 13% decrease in on-farm slaughterings. In 2014, EU production is expected to remain stable at EU level, hiding though different situations by Member States.

Blue Tongue outbreaks in Sardinia, end of 2013 and beginning of 2014, resulted into drastic sheep slaughterings and affected 2014 lamb production (Italy is expected to register a drop of 10% in sheep production compared to 2013). Higher registered slaughterings are expected in the United Kingdom and Ireland while declines could occur in Greece, France, Spain and Italy.⁸

In 2014, tight availabilities in New Zealand and reorientation of its exports towards China should lead to lower imports into the EU (-7% in the first seven months of 2014); nevertheless, higher supply from Australia and Argentina should partly compensate for this reduction and limit the overall import decline to 2.6% compared to 2013.

On the other hand, though limited in volumes, both EU live and meat exports are increasing, especially towards destinations as Libya (for live) and Hong Kong (for meat).

Though on a declining path since June 2014, lamb prices in August 2014 were still firm (heavy lamb at 482 EUR/100 kg while light lamb price at 589 EUR/100 kg). This price level together with limited supply will drive per capita consumption to decline further in 2014 and stabilise in 2015 at 1.8 kg/capita.

⁸ The challenge in estimating sheep & goat meat production is linked to the important share of 'on farm slaughterings' in total production (on average accounting for 18% for sheep and 28% for goats; this share is even higher in some Member States as in Romania, Greece and Portugal). This figure is usually the most revised and it might change the total production trend from negative to positive. This is the reason why 2013 figures have been revised downwards in comparison to the summer edition of the short term outlook.

4. STATISTICAL ANNEX

ARABLE CROPS

Table 4.1 EU cereal, oilseed and protein crop area ('000 ha)

	EU-28					% variation			
	2010	2011	2012	2013e	2014f	13/12	13 vs 5-year av.*	14/13	14 vs 5-year av.*
Common wheat	23 151	23 324	23 249	23 407	24 427	0.7	0.7	4.4	5.1
Durum	2 896	2 507	2 597	2 363	2 304	-9.0	-14.7	-2.5	-12.7
Rye	2 592	2 228	2 361	2 582	2 382	9.4	0.6	-7.7	-5.1
Barley	12 231	11 924	12 499	12 334	12 459	-1.3	-4.4	1.0	0.8
Oats	2 730	2 712	2 669	2 636	2 566	-1.2	-5.4	-2.7	-5.1
Maize	8 276	9 287	9 824	9 735	9 535	-0.9	7.6	-2.1	3.2
Triticale	2 722	2 599	2 425	2 677	2 815	10.4	0.4	5.2	5.6
Sorghum	117	117	118	143	154	20.7	22.7	7.8	31.2
Others	1 547	1 675	1 770	1 507	1 690	-14.9	-13.6	12.1	1.6
Cereals	56 260	56 370	57 512	57 384	58 333	-0.2	-0.4	1.7	2.2
Rapeseed	7 094	6 739	6 199	6 718	6 677	8.4	3.6	-0.6	0.3
Sunflower	3 763	4 350	4 284	4 557	4 285	6.4	13.9	-6.0	2.4
Soybeans	430	447	437	468	515	7.1	15.9	9.9	17.5
Linseed	118	92	85	73	77	-14.1	-12.3	5.2	-7.8
Oilseeds	11 404	11 629	11 005	11 816	11 553	7.4	6.6	-2.2	1.8
Field peas	709	690	508	466	495	-8.2	-17.6	6.1	-12.6
Broad beans	508	414	348	363	408	4.4	-8.3	12.4	1.7
Lupines	125	93	84	56	82	-33.0	-33.4	45.6	-3.0
Protein crops	1 343	1 197	940	886	985	-5.8	-15.4	11.2	-5.9
Sugar beet	1 845	1 545	1 619	1 607	1 689	-0.8	-10.1	5.1	-0.1
Total	69 007	69 197	69 457	70 086	70 871	0.9	0.4	1.1	1.9

*The 5-year average is a trimmed average in all tables.

Table 4.2 EU cereal, oilseed and protein crop yields (t/ha)

	EU-28					% variation			
	2010	2011	2012	2013e	2014f	13/12	13 vs 5-year av.	14/13	14 vs 5-year av.
Common wheat	5.53	5.58	5.42	5.81	5.81	7.3	3.8	-0.1	3.7
Durum	3.16	3.38	3.22	3.35	3.15	4.2	4.3	-6.0	-2.8
Rye	3.00	3.08	3.70	3.97	3.64	7.1	18.9	-8.3	5.7
Barley	4.34	4.35	4.40	4.86	4.54	10.3	10.2	-6.5	3.1
Oats	2.74	2.93	2.97	3.19	3.02	7.4	8.6	-5.1	3.0
Maize	7.19	7.61	6.06	6.72	7.18	10.9	-5.2	6.8	3.5
Triticale	3.95	3.90	4.17	4.29	4.22	2.9	5.0	-1.6	2.8
Sorghum	5.48	5.92	4.20	5.13	5.17	22.2	-4.5	0.7	-2.5
Others	2.80	2.71	2.95	2.86	2.79	-3.0	3.0	-2.5	-1.4
Cereals	4.99	5.17	4.89	5.31	5.28	8.5	4.6	-0.4	4.2
Rapeseed	2.91	2.85	3.10	3.11	3.23	0.3	2.6	3.8	6.2
Sunflower	1.85	1.96	1.67	2.05	1.92	22.9	10.8	-6.3	2.8
Soybeans	2.85	2.77	2.15	2.56	2.61	18.7	-7.7	2.2	-3.1
Linseed	1.45	1.71	1.57	1.85	1.62	17.6	17.1	-12.1	-2.6
Oilseeds	2.54	2.50	2.49	2.68	2.70	7.4	4.7	0.9	4.9
Field peas	2.82	2.28	2.32	2.68	2.73	15.5	5.1	1.9	7.4
Broad beans	2.81	2.83	2.88	2.80	2.90	-2.6	-5.0	3.5	2.2
Lupines	1.51	1.40	1.53	2.24	1.52	46.1	55.6	-32.2	2.4
Protein crops	7.14	6.51	6.73	7.72	7.15	14.7	10.2	-7.4	1.3
Sugar beet	63.13	67.10	71.37	65.38	75.48	-8.4	3.0	15.5	15.8

Table 4.3 EU cereal, oilseed and protein crop production ('000 t)

	EU-28					% variation			
	2010	2011	2012	2013e	2014f	13/12	13 vs 5-year av.	14/13	14 vs 5-year av.
Common wheat	128 000	130 243	125 913	136 124	146 760	8.1	5.1	7.8	13.3
Durum	9 160	8 481	8 355	7 916	7 425	-5.3	-9.9	-6.2	-12.9
Rye	7 787	6 860	8 744	10 237	9 356	17.1	18.9	-8.6	6.3
Barley	53 065	51 918	55 007	59 903	58 379	8.9	5.5	-2.5	4.3
Oats	7 482	7 952	7 924	8 435	7 808	6.4	3.9	-7.4	-3.6
Maize	59 488	70 666	59 552	65 671	72 119	10.3	6.2	9.8	16.8
Triticale	10 750	10 132	10 101	11 475	12 499	13.6	7.8	8.9	15.9
Sorghum	642	691	497	735	840	47.9	24.7	14.4	29.8
Others	4 326	4 540	5 227	4 322	4 719	-17.3	-9.8	9.2	1.7
Cereals	280 699	291 482	281 321	304 817	319 906	8.4	5.1	5.0	10.3
Rapeseed	20 611	19 199	19 222	20 903	22 202	8.7	6.2	6.2	9.7
Sunflower	6 945	8 534	7 140	9 064	9 089	26.9	27.1	0.3	20.1
Soybeans	1 224	1 240	942	1 070	1 343	13.5	2.9	25.6	24.1
Linseed	171	156	134	135	124	1.0	-2.8	-8.0	-12.3
Oilseeds	28 952	29 130	27 438	31 172	32 758	13.6	9.4	5.1	12.1
Field peas	1 997	1 574	1 170	1 232	1 348	5.3	-8.9	9.4	-1.9
Broad beans	1 431	1 171	1 002	1 019	1 191	1.7	-15.7	16.9	-0.4
Lupines	189	131	129	126	127	-2.1	3.2	0.3	-1.7
Protein crops	3 617	2 876	2 300	2 377	2 665	3.3	-10.8	12.1	-1.0
Sugar beet	116 452	103 677	115 579	105 027	127 446	-9.1	-8.5	21.3	14.9
Total	313 268	323 489	311 059	338 366	355 329	8.8	5.0	5.0	10.3

Table 4.4 EU overall cereal balance sheet (million t)

	EU-27			EU-28		% variation vs. 13/14
	2010/11	2011/12	2012/13	2013/14e	2014/15f	
Beginning stocks	54.6	36.9	37.6	27.8	32.2	15.7
Gross production	277.7	288.7	278.6	304.8	319.9	5.0
Usable production	275.1	286.0	276.0	302.0	317.0	5.0
Imports	13.3	14.4	16.9	19.2	15.0	-21.7
Availabilities	342.9	337.3	330.5	349.0	364.2	4.4
Total domestic uses	272.3	272.2	268.9	271.1	276.8	2.1
- Human	65.1	65.4	65.6	65.6	65.4	-0.2
- Seed	9.6	9.7	9.7	9.7	9.6	-0.5
- Industrial	30.1	30.1	30.4	31.0	31.4	1.3
o.w. bioethanol	9.1	9.1	9.5	9.9	10.3	4.0
- Animal feed	167.5	167.0	163.2	164.9	170.3	3.3
Losses (excl on-farm)	2.2	2.2	2.2	2.2	2.2	-0.5
Exports	31.5	25.2	31.6	43.5	34.3	-21.1
Total uses	306.0	299.7	302.6	316.8	313.3	-1.1
End stocks	36.9	37.6	27.8	32.2	50.9	58.3
- Market	36.4	37.5	27.8	32.2	50.9	58.3
- Intervention	0.6	0.1	0.0	0.0	0.0	-
Self-sufficiency rate %	101.0	105.1	102.6	111.4	114.5	2.8

Table 4.5 EU-28 cereal balance sheet 2014/15 (forecast) (million t)

	Common wheat	Barley	Durum	Maize	Rye	Sorghum	Oats	Triticale	Others	EU-28
Beginning stocks (01.07.2014)	8.4	5.7	0.3	14.9	1.0	0.2	0.7	0.6	0.3	32.2
Gross production	146.8	58.4	7.4	72.1	9.4	0.8	7.8	12.5	4.7	319.9
Usable production	145.6	57.9	7.3	71.8	9.2	0.7	7.7	12.3	4.5	317.0
Import ¹	3.0	0.1	2.5	9.0	0.1	0.2	0.0	0.0	0.1	15.0
Total availabilities	157.0	63.7	10.1	95.8	10.3	1.1	8.4	12.9	4.9	364.2
Total domestic use	114.8	48.1	8.4	73.1	9.1	0.7	7.6	10.8	4.1	276.8
- Human	48.0	0.4	7.8	5.0	3.0	0.2	1.1	0.1	0.0	65.4
- Seed	4.7	2.3	0.4	0.5	0.5	0.0	0.5	0.5	0.3	9.6
- Industrial	10.6	9.5	0.1	8.9	1.5	0.0	0.1	0.6	0.1	31.4
<i>o.w. bioethanol</i>	4.5	0.9		3.6	0.8			0.5		10.3
- Animal feed	51.5	36.0	0.1	58.8	4.1	0.5	5.9	9.7	3.7	170.3
Losses (excl on-farm)	0.9	0.4	0.0	0.6	0.1	0.0	0.1	0.1	0.0	2.2
Export ¹	25.0	6.0	1.0	2.0	0.1	0.0	0.2	0.0	0.0	34.3
Total use	140.7	54.5	9.4	75.7	9.3	0.7	7.8	10.9	4.2	313.3
End stocks (30.06.2015)	16.4	9.2	0.7	20.0	1.0	0.4	0.5	2.0	0.7	50.9
- Market	16.4	9.2	0.7	20.0	1.0	0.4	0.5	2.0	0.7	50.9
- Intervention	0.0	0.0		0.0						0.0
Change in stocks	7.9	3.5	0.4	5.1	-0.1	0.3	-0.1	1.4	0.4	18.8
Change in public stocks	0.0	0.0		0.0						0.0
Self-sufficiency rate %	126.9	120.3	87.4	98.2	100.7	109.0	101.4	113.6	107.8	114.5

¹ Grains equivalent (grain, groats and flour).

Note: estimated export quantities for all wheat = 23.0 million t, for coarse grains = 9.5 million t.

Table 4.6 EU-28 cereal balance sheet 2013/14 (estimate) (million t)

	Common wheat	Barley	Durum	Maize	Rye	Sorghum	Oats	Triticale	Others	EU-28
Beginning stocks (01.07.2013)	8.6	4.2	0.2	12.9	0.5	0.0	0.6	0.6	0.3	27.8
Gross production	136.1	59.9	7.9	65.7	10.2	0.7	8.4	11.5	4.3	304.8
Usable production	135.1	59.4	7.8	65.4	10.0	0.6	8.3	11.3	4.1	302.0
Import ¹	1.8	0.0	1.9	15.0	0.1	0.2	0.0	0.0	0.1	19.2
Total availabilities	145.5	63.6	9.9	93.3	10.6	0.9	8.9	11.8	4.5	349.0
Total domestic use	106.2	48.7	8.4	74.6	9.3	0.7	7.9	11.1	4.1	271.1
- Human	48.0	0.4	7.8	4.9	3.0	0.2	1.1	0.1	0.0	65.6
- Seed	4.7	2.3	0.4	0.5	0.5	0.0	0.5	0.5	0.3	9.7
- Industrial	10.5	9.5	0.1	8.6	1.5	0.0	0.1	0.6	0.1	31.0
<i>o.w. bioethanol</i>	4.4	0.9		3.3	0.8			0.5		9.9
- Animal feed	42.9	36.6	0.1	60.6	4.3	0.5	6.2	10.0	3.7	164.9
Losses (excl on-farm)	0.9	0.4	0.1	0.6	0.1	0.0	0.1	0.1	0.0	2.2
Export ¹	30.0	8.8	1.1	3.1	0.2	0.0	0.3	0.0	0.0	43.5
Total use	137.1	57.9	9.6	78.3	9.6	0.7	8.3	11.2	4.2	316.8
End stocks (30.06.2014)	8.4	5.7	0.3	14.9	1.0	0.2	0.7	0.6	0.3	32.2
- Market	8.4	5.7	0.3	14.9	1.0	0.2	0.7	0.6	0.3	32.2
- Intervention	0.0	0.0		0.0						0.0
Change in stocks	-0.2	1.5	0.2	2.1	0.5	0.1	0.1	0.1	0.0	4.4
Change in public stocks	0.0	0.0		0.0						0.0
Self-sufficiency rate %	127.2	121.9	92.6	87.6	107.5	93.6	105.5	101.3	98.2	111.4

¹ Grains equivalent (grain, groats and flour).

Note: estimated export quantities for all wheat = 30.1 million t, for coarse grains = 12.0 million t.

Table 4.7 EU-27 cereal balance sheet 2012/13 (million t)

	Common wheat	Barley	Durum	Maize	Rye	Sorghum	Oats	Triticale	Others	EU-27
Beginning stocks (01.07.2012)	10.1	7.2	0.7	16.9	0.6	0.2	0.9	0.7	0.2	37.6
Gross production	124.9	54.8	8.3	58.3	8.7	0.5	7.8	10.0	5.2	278.6
Usable production	123.9	54.3	8.2	58.0	8.5	0.4	7.7	9.8	5.0	276.0
Import ¹	3.8	0.1	1.5	11.0	0.1	0.3	0.0	0.0	0.1	16.9
Total availabilities	137.8	61.6	10.4	85.9	9.2	0.9	8.7	10.6	5.4	330.5
Total domestic use	108.0	49.2	8.8	70.6	8.5	0.9	7.9	9.9	5.0	268.9
- Human	47.9	0.4	8.1	4.8	3.0	0.2	1.1	0.1	0.0	65.6
- Seed	4.7	2.3	0.4	0.5	0.5	0.0	0.5	0.5	0.3	9.7
- Industrial	10.3	9.4	0.1	8.3	1.5	0.0	0.1	0.6	0.1	30.4
<i>o.w. bioethanol</i>	4.3	0.9		3.0	0.8			0.5		9.5
- Animal feed	45.0	37.2	0.2	57.0	3.5	0.7	6.2	8.8	4.6	163.2
Losses (excl on-farm)	0.9	0.4	0.1	0.6	0.1	0.0	0.1	0.1	0.0	2.2
Export ¹	20.3	7.8	1.4	1.8	0.1	0.0	0.1	0.0	0.0	31.6
Total use	129.2	57.4	10.3	73.0	8.7	0.9	8.1	10.0	5.1	302.7
End stocks (30.06.2013)	8.6	4.2	0.2	12.9	0.5	0.0	0.6	0.6	0.3	27.8
- Market	8.6	4.2	0.2	12.9	0.5	0.0	0.6	0.6	0.3	27.8
- Intervention	0.0	0.0		0.0						0.0
Change in stocks	-1.4	-3.0	-0.5	-4.0	-0.1	-0.2	-0.3	-0.2	0.0	-9.8
Change in public stocks	0.0	-0.1		0.0						-0.1
Self-sufficiency rate %	114.8	110.3	93.6	82.2	100.2	45.2	97.9	99.2	98.6	102.6

¹ Grains equivalent (grain, groats and flour).

Note: estimated export quantities for all wheat = 21.7 million t, for coarse grains = 9.9 million t.

Table 4.8 EU-28 oilseeds balance sheets (million t)

	EU-28					% variation			
	2010/11	2011/12	2012/13	2013/14e	2014/15f	vs. 12/13	vs. 5-year av.	vs. 13/14	vs. 5-year av.
Production	28.8	29.0	27.3	31.0	32.6	13.7	9.5	5.1	12.3
Rape	20.6	19.2	19.2	20.9	22.2	8.7	6.2	6.2	9.7
Soybean	1.2	1.2	0.9	1.1	1.3	13.5	2.9	25.6	24.1
Sunflower	6.9	8.5	7.1	9.1	9.1	26.9	27.1	0.3	20.1
Total domestic use	44.1	43.8	44.0	46.4	47.7	5.5	6.0	2.9	8.6
Rape	23.2	22.8	23.1	23.7	25.0	2.6	3.0	5.5	7.7
<i>of which crushing</i>	22.3	21.7	22.1	22.8	24.0	2.8	3.2	5.3	7.2
Soybean	14.2	13.1	13.7	14.3	13.8	4.6	4.2	-3.5	0.4
<i>of which crushing</i>	12.8	11.8	12.4	12.9	12.5	3.7	4.1	-3.3	0.5
Sunflower	6.8	7.9	7.2	8.3	8.9	16.4	19.7	6.8	22.3
<i>of which crushing</i>	5.9	7.0	6.2	7.4	7.8	18.6	21.7	5.3	22.1
Imports	16.1	16.0	16.0	17.3	15.9	8.1	8.1	-8.2	-0.8
Rape	2.6	3.8	3.4	3.5	3.0	3.4	12.0	-14.1	-5.2
Soybean	13.1	11.9	12.4	13.5	12.6	8.6	5.8	-6.4	-1.0
Sunflower	0.4	0.3	0.2	0.3	0.3	52.4	3.6	-18.9	-13.3
Exports	0.8	0.9	0.6	1.0	0.9	66.8	36.2	-12.2	4.7
Rape	0.2	0.1	0.1	0.3	0.3	209.2	94.2	-13.8	38.8
Soybean	0.1	0.1	0.1	0.1	0.1	-44.4	-21.2	30.6	2.9
Sunflower	0.5	0.7	0.4	0.7	0.6	60.9	31.3	-14.8	-4.1
End stocks	3.5	3.7	2.4	3.3	3.2	37.5	-5.3	-4.5	-8.3
Rape	1.5	1.5	0.9	1.3	1.3	44.4	-14.3	-3.8	-11.8
Soybean	1.3	1.3	0.9	1.0	1.1	17.6	-18.9	5.0	-12.5
Sunflower	0.7	0.9	0.7	1.0	0.9	53.8	42.9	-15.0	13.3
Self-suff. rate %	65.2	66.1	62.1	66.9	68.4				

Table 4.9 EU oilmeals balance sheets (million t)

	EU-28					% variation			
	2010/11	2011/12	2012/13	2013/14e	2014/15f	13/14 vs. 12/13	13/14 vs. 5- year av.	14/15 vs. 13/14	14/15 vs. 5- year av.
Production	26.0	25.6	25.9	27.2	27.8	5.2	6.0	2.1	7.6
Rape	12.7	12.4	12.6	13.0	13.7	2.8	3.2	5.3	7.2
Soybean	10.1	9.3	9.8	10.2	9.9	3.7	4.1	-3.3	0.5
Sunflower	3.2	3.9	3.4	4.1	4.3	18.6	21.7	5.3	22.1
Total domestic use	49.4	49.2	45.9	48.4	49.5	5.4	-0.4	2.3	2.2
Rape	12.7	12.3	12.8	13.1	13.7	2.4	3.7	5.0	7.6
Soybean	31.4	29.8	26.1	28.3	28.2	8.4	-6.4	-0.2	-3.4
Sunflower	5.3	7.1	7.0	7.0	7.5	-0.4	16.9	7.7	16.4
Imports	24.3	24.9	21.1	22.1	22.7	4.4	-7.3	2.9	-1.3
Rape	0.2	0.2	0.4	0.5	0.4	10.0	114.0	-18.6	25.6
Soybean	21.9	21.3	17.0	18.5	18.9	8.6	-12.6	2.4	-5.4
Sunflower	2.2	3.4	3.7	3.1	3.4	-15.6	19.0	8.9	16.7
Exports	0.9	1.2	1.1	0.9	1.0	-19.0	-4.5	20.6	10.0
Rape	0.2	0.3	0.3	0.4	0.3	32.6	48.1	-15.3	14.1
Soybean	0.6	0.8	0.7	0.3	0.6	-53.7	-42.8	84.4	5.5
Sunflower	0.1	0.1	0.1	0.2	0.1	97.5	94.5	-23.9	19.8
End stocks	0.5	0.6	0.6	0.7	0.6	8.3	18.2	-7.7	9.1
Rape	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Soybean	0.4	0.4	0.5	0.5	0.5	11.1	25.0	-10.0	12.5
Sunflower	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Self-suff. rate %	52.7	51.9	56.4	56.3	56.1				

Table 4.10 EU vegetable oils balance sheets (million t)

	EU-28					% variation			
	2010/11	2011/12	2012/13	2013/14e	2014/15f	13/14 vs. 12/13	13/14 vs. 5- year av.	14/15 vs. 13/14	14/15 vs. 5- year av.
Production	14.2	14.2	14.2	15.0	15.6	5.9	6.0	3.8	9.9
Rape	9.1	8.9	9.1	9.3	9.8	2.8	3.2	5.3	7.2
Soybean	2.6	2.4	2.5	2.6	2.5	3.7	4.1	-3.3	0.5
Sunflower	2.5	2.9	2.6	3.1	3.3	18.6	21.7	5.3	22.1
Palm	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total domestic use	20.3	20.4	20.0	21.7	21.8	8.3	6.7	0.6	5.8
Rape	9.4	9.3	8.8	9.3	9.9	5.3	1.5	5.9	5.7
Soybean	3.0	2.3	1.7	2.0	2.1	19.2	-22.8	3.6	-9.0
Sunflower	3.1	3.6	3.4	3.6	3.9	5.1	5.4	8.9	12.2
Palm	4.8	5.2	6.0	6.7	5.9	11.4	28.5	-12.1	6.6
Imports	7.3	7.4	7.6	8.3	7.8	9.8	11.5	-6.7	4.0
Rape	0.5	0.6	0.2	0.3	0.4	40.9	-36.2	25.3	-9.4
Soybean	0.9	0.5	0.3	0.3	0.4	21.7	-48.1	16.5	-15.8
Sunflower	0.9	0.9	1.1	0.9	0.9	-18.3	-12.2	8.1	0.9
Palm	5.1	5.4	6.1	6.9	6.1	13.1	26.7	-11.1	7.9
Exports	1.0	1.2	1.8	1.6	1.6	-11.1	61.8	-3.8	21.6
Rape	0.2	0.2	0.4	0.3	0.3	-30.0	60.2	5.5	30.8
Soybean	0.4	0.6	1.0	0.8	0.8	-19.0	75.7	-1.4	31.7
Sunflower	0.2	0.2	0.2	0.3	0.3	53.3	101.6	-25.2	30.7
Palm	0.2	0.2	0.1	0.1	0.2	5.2	-8.1	12.7	3.6
End stocks	1.2	1.2	1.1	1.2	1.1	4.5	-1.1	-0.9	0.0
Rape	0.5	0.4	0.4	0.4	0.4	0.0	-4.0	0.0	0.0
Soybean	0.1	0.1	0.2	0.2	0.2	33.3	53.8	-21.7	20.5
Sunflower	0.3	0.3	0.3	0.3	0.3	0.0	0.0	0.0	0.0
Palm	0.4	0.4	0.3	0.3	0.3	0.0	-10.0	11.1	0.0
Self-suff. rate %	69.8	69.6	70.9	69.3	71.5				

MILK AND DAIRY PRODUCTS

Table 4.11 Milk supply and utilisation in the EU-28

	EU-28						% variation				
	2010	2011	2012	2013e	2014f	2015f	11/10	12/11	13/12	14/13	15/14
Dairy cows (mio heads)¹	23.3	23.1	23.1	23.3	23.4	23.2	-0.9	-0.2	0.9	0.6	-1.0
of which EU-15	17.6	17.5	17.6	17.8	18.1	17.9	-0.5	0.6	1.5	1.3	-0.7
of which EU-N13	5.8	5.6	5.5	5.4	5.4	5.2	-2.0	-2.7	-1.0	-1.5	-2.0
Milk yield (kg/dairy cow)²	6 273	6 426	6 465	6 482	6 669	6 847	2.4	0.6	0.3	2.9	2.7
of which EU-15	6 934	7 092	7 049	7 038	7 196	7 380	2.3	-0.6	-0.2	2.3	2.6
of which EU-N13	4 257	4 362	4 594	4 658	4 890	5 025	2.5	5.3	1.4	5.0	2.8
Milk production (million t)	149.9	151.9	152.2	153.9	159.3	161.9	1.3	0.2	1.1	3.5	1.6
of which EU-15	122.1	124.1	124.1	125.7	130.2	132.6	1.7	0.0	1.3	3.6	1.8
of which EU-N13	27.8	27.8	28.1	28.1	29.1	29.3	-0.3	1.1	0.3	3.3	0.7
Feed use (million t)	3.7	3.5	3.5	3.5	3.6	3.6	-5.8	-0.8	1.8	0.6	1.4
On farm use and direct sales (mio t)	9.2	8.7	8.6	9.1	9.2	9.4	-5.4	-1.3	5.1	2.0	1.8
Delivered to dairies (million t)	136.9	139.6	140.0	141.2	146.5	148.9	2.0	0.3	0.9	3.7	1.6
of which EU-15	118.2	120.4	120.0	121.4	125.8	128.0	1.9	-0.3	1.1	3.6	1.8
of which EU-N13	18.8	19.2	20.0	19.9	20.7	20.8	2.4	4.2	-0.7	4.1	0.6
Delivery ratio (%)³	91.3	91.9	92.0	91.8	92.0	92.0	0.6	0.1	-0.3	0.2	0.0
of which EU-15	96.8	97.0	96.7	96.5	96.6	96.6	0.2	-0.3	-0.2	0.1	0.0
of which EU-N13	67.4	69.2	71.3	70.6	71.1	71.1	2.6	3.1	-1.0	0.8	-0.1
Fat content of milk (%)	4.05	4.03	4.04	4.04	4.04	4.04	-0.4	0.2	-0.1	-0.1	-0.1
Protein content of milk (%)	3.38	3.37	3.37	3.37	3.37	3.37	-0.3	0.1	-0.1	0.0	0.0

¹ Dairy cow numbers refer to the end of the year (historical figures from the December cattle survey).² Milk yield is dairy cow production per dairy cows (dairy cows represent around 99.7% of EU-27 total production).³ Delivery ratio is milk delivered to dairies per total production.

Table 4.12 EU-28 fresh dairy products market balance ('000 tonnes)

	EU-28						% variation				
	2010	2011	2012	2013e	2014f	2015f	11/10	12/11	13/12	14/13	15/14
Production	46 992	46 800	46 705	47 025	47 186	47 441	-0.4	-0.2	0.7	0.3	0.5
of which Drinking Milk	31 890	31 855	31 775	31 972	32 099	32 260	-0.1	-0.2	0.6	0.4	0.5
of which Cream	2 432	2 419	2 508	2 578	2 707	2 788	-0.5	3.7	2.8	5.0	3.0
of which Acidified Milk	8 230	8 201	8 130	8 136	8 014	8 014	-0.4	-0.9	0.1	-1.5	0.0
of which Other Fresh Products ²	4 441	4 325	4 293	4 339	4 365	4 379	-2.6	-0.8	1.1	0.6	0.3
of which EU-15	40 678	40 560	40 427	40 631	40 773	40 977	-0.3	-0.3	0.5	0.4	0.5
of which EU-N13	6 314	6 240	6 279	6 394	6 413	6 464	-1.2	0.6	1.8	0.3	0.8
Imports (extra EU)	37	44	42	28	28	28	19.0	-5.2	-32.9	0.0	0.0
Exports (extra EU)	328	399	532	578	664	731	21.5	33.5	8.5	15.0	10.0
Domestic use¹	46 701	46 445	46 215	46 475	46 550	46 739	-0.5	-0.5	0.6	0.2	0.4
p.c. consumption (kg)	93	92	91	91	91	91	-0.8	-0.7	0.3	-0.1	0.2
Self-sufficiency rate (%)	100.6	100.8	101.1	101.2	101.4	101.5					

¹ Domestic use includes stock changes.² Includes buttermilk, drinks with milk base and other fresh commodities.

Note: The figures on imports and exports are referring to total trade, i.e. including inward processing.

Table 4.13 EU-28 cheese market balance ('000 tonnes)

	EU-28						% variation				
	2010	2011	2012	2013e	2014f	2015f	11/10	12/11	13/12	14/13	15/14
Production (in dairies)	9 011	9 061	9 277	9 302	9 457	9 549	0.6	2.4	0.3	1.7	1.0
of which from pure cow's milk	8 322	8 381	8 551	8 589	8 744	8 836	0.7	2.0	0.5	1.8	1.1
of which from other milk ¹	688	680	727	713	713	713	-1.2	6.9	-1.9	0.0	0.0
EU-15 (in dairies)	7 765	7 807	7 947	7 954	8 085	8 144	0.5	1.8	0.1	1.6	0.7
EU-N13 (in dairies)	1 245	1 254	1 330	1 348	1 371	1 405	0.7	6.1	1.4	1.7	2.4
Processed cheese impact ²	330	330	325	357	378	402	0.1	-1.5	9.8	5.9	6.5
Total production	9 341	9 391	9 603	9 659	9 835	9 952	0.5	2.3	0.6	1.8	1.2
Imports (extra EU)³	84	75	78	75	79	79	-10.5	4.2	-4.4	6.0	0.0
Exports (extra EU)	667	673	768	787	701	736	0.8	14.1	2.5	-11.0	5.0
Total domestic use⁴	8 757	8 793	8 913	8 947	9 213	9 295	0.4	1.4	0.4	3.0	0.9
Stock changes	0	0	0	0	90	- 50					
Processing use	295	296	287	310	329	348	0.2	-3.1	8.1	6.0	5.9
Human consumption	8 462	8 497	8 626	8 637	8 795	8 997	0.4	1.5	0.1	1.8	2.3
of which EU-15	7 243	7 266	7 359	7 356	7 484	7 652	0.3	1.3	0.0	1.7	2.2
of which EU-N13	1 219	1 232	1 268	1 281	1 310	1 345	1.1	2.9	1.0	2.3	2.6
p.c. consumption (kg)	16.8	16.8	17.0	17.0	17.2	17.6	0.2	1.3	-0.1	1.6	2.1
Self-sufficiency rate (%)	106.7	106.8	107.7	108.0	106.7	107.1					

¹ Other milk includes goat, ewe and buffalo milk.² Processed cheese impact includes production and net exports of processed cheese.³ Imports and Exports include Processed Cheese.⁴ Total domestic use includes stock changes.**Table 4.14 EU-28 whole milk powder market balance ('000 tonnes)**

	EU-28						% variation				
	2010	2011	2012	2013e	2014f	2015f	11/10	12/11	13/12	14/13	15/14
Production	704	691	660	704	778	796	-1.9	-4.5	6.7	10.5	2.3
of which EU-15	645	631	596	640	703	718	-2.1	-5.6	7.4	10.0	2.0
of which EU-N13	59	59	64	64	74	78	0.8	7.6	0.2	16.0	5.0
Imports	2	2	3	3	2	3	-10.2	52.2	27.0	-41.4	40.0
Exports	445	388	386	374	415	424	-12.9	-0.5	-3.0	11.0	2.0
Domestic Use¹	261	304	276	333	364	375	16.8	-9.2	20.4	9.5	2.8
Self-sufficiency rate (%)	270.2	227.0	238.7	211.5	213.5	212.4					

¹ Domestic use includes stock changes.

Table 4.15 EU-28 skimmed milk powder market balance ('000 tonnes)

	EU-28						% variation				
	2010	2011	2012	2013e	2014f	2015f	11/10	12/11	13/12	14/13	15/14
Production	965	1 096	1 109	1 101	1 301	1 400	13.6	1.2	-0.7	18.1	7.6
Imports (extra EU)	4	0	2	5	2	2	-90.0	334	200	-59.3	-20.0
Exports (extra EU)	376	516	520	407	582	670	36.9	0.9	-21.9	43.2	15.0
Domestic use¹	686	689	685	699	702	705	0.4	-0.5	2.1	0.4	0.4
Ending stocks	265	157	62	62	80	107					
Private (industry)	70	107	62	62	80	107					
Public (intervention)	195	50	0	0	0	0					
Stock changes	- 94	- 108	- 95	0	18	27					
Self-sufficiency rate (%)	140.6	159.1	161.9	157.4	185.2	198.6					

¹ Domestic use includes stock changes.

Table 4.16 EU-28 butter market balance ('000 tonnes)

	EU-28						% variation				
	2010	2011	2012	2013e	2014f	2015f	11/10	12/11	13/12	14/13	15/14
Production	2 073	2 110	2 153	2 126	2 242	2 287	1.7	2.1	-1.3	5.4	2.0
of which EU-15	1 853	1 888	1 909	1 880	1 984	2 023	1.9	1.1	-1.5	5.5	2.0
of which EU-N13	221	222	244	246	258	263	0.4	10.0	0.7	5.0	2.0
Imports	34	34	29	23	40	40	0.5	-15.0	-21.9	77.0	0.0
Exports	157	124	124	116	131	142	-21.5	0.1	-6.2	13.0	8.0
Domestic use¹	2 035	1 991	2 038	2 033	2 081	2 135	-2.2	2.4	-0.2	2.3	2.6
p.c. consumption (kg)	4	4	4	4	4	4	-2.4	2.1	-0.5	2.1	2.4
Ending stocks	50	80	100	100	170	220					
Private	49	80	100	100	170	220					
Public (intervention)	2	0	0	0	0	0					
Stock changes	- 85	29	21	0	70	50					
Self-sufficiency rate (%)	101.9	106.0	105.7	104.6	107.7	107.1					

Note: Data refer to butter, butter oil and other yellow fat products expressed in butter equivalent. Figures on imports and exports do not include inward/outward processing.

¹ Domestic use includes stock changes.

MEATS

Table 4.17 EU-28 overall meat balance ('000 tonnes carcass weight equivalent)

	EU-28						% variation				
	2010	2011	2012	2013e	2014f	2015f	11/10	12/11	13/12	14/13	15/14
Gross Indigenous Production	44 120	44 624	44 015	43 643	43 901	44 367	1.1	-1.4	-0.8	0.6	1.1
Live Imports	1	1	1	1	2	0					
Live Exports	190	240	232	179	217	224	26.2	-3.6	-22.7	21.2	3.3
Net Production	43 930	44 385	43 785	43 465	43 686	44 143	1.0	-1.4	-0.7	0.5	1.0
EU-15	36 781	37 222	36 663	36 385	36 355	36 726	1.2	-1.5	-0.8	-0.1	1.0
EU-N13	7 149	7 163	7 123	7 080	7 331	7 417	0.2	-0.6	-0.6	3.5	1.2
Meat Imports	1 385	1 357	1 326	1 311	1 278	1 280	-2.1	-2.3	-1.1	-2.5	0.1
Meat Exports	3 230	3 783	3 702	3 704	3 532	3 534	17.1	-2.1	0.1	-4.6	0.0
Consumption	42 086	41 960	41 409	41 072	41 433	41 889	-0.3	-1.3	-0.8	0.9	1.1
Population (mio)	504	506	507	508	509	510	0.3	0.2	0.2	0.2	0.2
Per Capita Consumption¹ (kg)	66.4	66.0	65.1	64.5	65.0	65.5	-0.5	-1.4	-0.9	0.7	0.8
Self-sufficiency rate %	104.8	106.3	106.3	106.3	106.0	105.9					

¹ In retail weight. Coefficients to transform carcass weight into retail weight are 0.7 for beef and veal meat, 0.78 for pigmeat and 0.88 for both poultry meat and sheep and goat meat.

Table 4.18 EU-28 beef/veal market balance ('000 tonnes carcass weight equivalent)

	EU-28						% variation				
	2010	2011	2012	2013e	2014f	2015f	11/10	12/11	13/12	14/13	15/14
Gross Indigenous Production	8 217	8 199	7 867	7 498	7 632	7 830	-0.2	-4.0	-4.7	1.8	2.6
Live Imports	0	0	0	0	0	0					
Live Exports	104	147	159	109	131	137	42.3	7.8	-31.5	20.3	5.0
Net Production	8 113	8 052	7 708	7 389	7 501	7 693	-0.8	-4.3	-4.1	1.5	2.6
EU-15	7 305	7 245	6 950	6 681	6 739	6 901	-0.8	-4.1	-3.9	0.8	2.4
EU-N13	809	806	758	708	762	792	-0.3	-5.9	-6.7	7.6	4.0
Meat Imports	321	286	275	304	299	298	-10.8	-4.1	10.6	-1.5	-0.5
Meat Exports	253	327	210	161	175	176	29.2	-35.8	-23.3	8.5	1.0
Consumption	8 181	8 011	7 773	7 532	7 625	7 814	-2.1	-3.0	-3.1	1.2	2.5
Per Capita Consumption¹ (kg)	11.4	11.1	10.7	10.4	10.5	10.7	-2.3	-3.2	-3.3	1.0	2.3
Share in total meat cons. (%)	19.4	19.1	18.8	18.3	18.4	18.7					
Self-sufficiency rate (%)	100.4	102.3	101.2	99.6	100.1	100.2					

¹ In retail weight. Coefficient to transform carcass weight into retail weight is 0.7 for beef and veal meat.

Table 4.19 EU-28 pigmeat market balance ('000 tonnes carcass weight equivalent)

	EU-28						% variation				
	2010	2011	2012	2013e	2014f	2015f	11/10	12/11	13/12	14/13	15/14
Gross Indigenous Production	22 753	23 055	22 554	22 387	22 274	22 446	1.3	-2.2	-0.7	-0.5	0.8
Live Imports	0	0	0	0	0	0					
Live Exports	67	62	36	26	36	37	-6.9	-42.4	-27.1	38.4	1.0
Net Production	22 686	22 993	22 518	22 361	22 238	22 409	1.4	-2.1	-0.7	-0.6	0.8
<i>EU-15</i>	19 121	19 438	19 127	19 054	18 883	19 034	1.7	-1.6	-0.4	-0.9	0.8
<i>EU-N13</i>	3 566	3 556	3 391	3 307	3 356	3 376	-0.3	-4.6	-2.5	1.5	0.6
Meat Imports	29	18	19	16	17	17	-38.8	9.9	-19.3	6.4	0.0
Meat Exports	1 815	2 151	2 154	2 207	2 037	2 037	18.5	0.1	2.5	-7.7	0.0
Consumption	20 900	20 860	20 384	20 170	20 218	20 389	-0.2	-2.3	-1.0	0.2	0.8
Per Capita Consumption¹ (kg)	32.3	32.2	31.4	31.0	31.0	31.2	-0.4	-2.5	-1.3	0.0	0.6
<i>Share in total meat cons. (%)</i>	49.7	49.7	49.2	49.1	48.8	48.7					
Self-sufficiency rate (%)	108.9	110.5	110.6	111.0	110.2	110.1					

¹ In retail weight. Coefficient to transform carcass weight into retail weight is 0.78 for pigmeat.

Table 4.20 EU-28 poultry meat market balance ('000 tonnes carcass weight equivalent)

	EU-28						% variation				
	2010	2011	2012	2013e	2014f	2015f	11/10	12/11	13/12	14/13	15/14
Gross Indigenous Production	12 191	12 391	12 647	12 814	13 049	13 141	1.6	2.1	1.3	1.9	0.7
Live Imports	1	1	1	1	1	0					
Live Exports	9	9	10	10	11	11	-8.5	16.9	2.5	5.8	0.9
Net Production	12 182	12 384	12 638	12 805	13 039	13 130	1.7	2.1	1.3	1.9	0.7
<i>EU-15</i>	9 511	9 690	9 771	9 843	9 935	9 994	1.9	0.8	0.7	1.0	0.6
<i>EU-N13</i>	2 671	2 694	2 867	2 962	3 104	3 135	0.8	6.4	3.3	4.8	1.0
Meat Imports	796	831	841	792	768	768	4.4	1.3	-5.9	-3.0	0.0
Meat Exports	1 150	1 290	1 313	1 300	1 281	1 281	12.2	1.8	-1.1	-1.4	0.0
Consumption	11 829	11 925	12 166	12 297	12 526	12 616	0.8	2.0	1.1	1.9	0.7
Per Capita Consumption¹ (kg)	20.6	20.8	21.1	21.3	21.7	21.8	0.6	1.8	0.9	1.6	0.5
<i>Share in total meat cons. (%)</i>	28.1	28.4	29.4	29.9	30.2	30.1					
Self-sufficiency rate (%)	103.1	103.9	104.0	104.2	104.2	104.2					

¹ In retail weight. Coefficient to transform carcass weight into retail weight is 0.88 for poultry meat.

Table 4.21 EU-28 sheep and goat meat market balance ('000 tonnes carcass weight equivalent)

	EU-28						% variation				
	2010	2011	2012	2013e	2014f	2015f	11/10	12/11	13/12	14/13	15/14
Gross Indigenous Production	959	978	947	944	947	950	2.0	-3.1	-0.4	0.3	0.3
Live Imports	0	0	0	0	0	0					
Live Exports	10	22	27	34	39	39	111.3	23.0	26.1	15.6	0.3
Net Production	948	956	921	910	908	911	0.8	-3.7	-1.2	-0.2	0.3
<i>EU-15</i>	845	849	815	806	798	797	0.5	-4.1	-1.0	-1.0	-0.2
<i>EU-N13</i>	103	107	106	103	109	114	3.5	-1.2	-2.2	5.8	4.0
Meat Imports	240	222	190	200	195	198	-7.3	-14.3	4.9	-2.6	1.7
Meat Exports	12	15	25	36	39	39	25.5	63.5	48.3	7.6	0.0
Consumption	1 176	1 163	1 086	1 073	1 063	1 069	-1.1	-6.6	-1.2	-0.9	0.6
Per Capita Consumption¹ (kg)	2.1	2.0	1.9	1.9	1.8	1.8	-1.3	-6.8	-1.4	-1.2	0.3
<i>Share in total meat cons. (%)</i>	2.8	2.8	2.6	2.6	2.6	2.6					
Self-sufficiency rate (%)	81.5	84.1	87.2	87.9	89.0	88.8					

¹ In retail weight. Coefficient to transform carcass weight into retail weight is 0.88 for sheep and goat meat.

5. MACROECONOMIC OUTLOOK⁹

Population

According to latest projections, the global population will be growing throughout the outlook period at an average pace of 1.1% per year to 7.3 billion inhabitants by 2015. The strongest growth rates are expected in Africa (+2.4% per annum) and India (+1.2%). Growing population is expected also in China (+0.6%), Brazil (+0.8%) and the US (above 0.7%). The decrease in population slightly accelerates in Russia to reach -0.3% per year.

Given that EU-28 population grows at a very low pace (0.3% per year) and the already very high per capita consumption in many parts of Europe, the increase in total consumption in the EU remains limited. The slow population growth can be noticed in some of the most populated EU countries such as Italy, Germany and the Netherlands. By contrast, there are three European countries with remarkable population growth: Ireland, the United Kingdom and France.

Economic growth

The world economic outlook is positive with a projected rise in real GDP of 2.7% in 2014 and 3.3% in 2015, mostly thanks to growth in China of around 7% per year, India of around 6% and the US of 2.2% in 2014 and close to 3% in 2015.

By contrast, in Brazil, one of EU main trade partners, the difficult economic situation may lead the country to GDP stagnation in 2014. However, Brazil is expected to recover slightly in 2015 (+1%). Argentina is hit by recession (-1.3% in 2014) and growth is not expected to return before 2016. The deterioration of Brazilian real and Argentinean peso against US dollar is expected to continue in 2014 and 2015 putting additional pressure on EU competitiveness, especially on the world meat markets.

The Russian and Ukrainian economic development pays the price for the political tensions as reflected in their respective GDP. For the first time since 2009, Russian GDP should decrease in 2014 albeit slightly (-0.5%) while the economic deterioration is more pronounced in Ukraine with -6.4%. Nevertheless, for both countries the situation is expected to improve somewhat in 2015 (Russia +0.8% while the decline in Ukraine might slow down to -1%).

DG for Economic and Financial Affairs will publish an update of their forecasts for GDP growth in EU Member States in the autumn. After two years of

stagnation, the EU economy is expected to recover but at a lower rate than previously projected.

A weakening euro

The euro has been weakening versus the US dollar since April (1.38) to reach a low 1.29 level on 16th of September which could support EU exports; throughout 2014 the exchange rate is expected to stay relatively stable at 1.34 USD/EUR and to go down to 1.24 in 2015.

Oil and consumer prices

The oil price remains relatively firm and stable despite the political instability in Iraq and neighbouring regions. The barrel of Brent crude oil is expected at 106.4 USD in 2014. The price drops expected in 2015 and 2016 are small and after reaching 103 USD per barrel, the oil price is projected to rise again given the expected growth in demand. Higher oil prices will be needed to stimulate the development of higher-cost supply sources.

The 3% increase in consumer prices at world level hides very diverse situations with huge increases in prices in Argentina (+27% in 2014 and +42% expected in 2015) and Ukraine (+10% in 2014) while in the EU, they are expected to remain rather stable in 2014 (+0.8%) and could favour increased food consumption.

6. METHODOLOGY

This outlook takes into account the most recent macroeconomic information and the domestic and international market developments and expectations. Data is subject to retrospective review.

The balance sheets refer to five calendar years for meat and dairy and five marketing years for crops (July/June). Crop marketing years start with the harvest. Thus, area, yield and production figures of crops refer to the year of harvest.

Sources

- Eurostat
 - Agricultural production yearly for historical data and monthly data for previous and current year for meat and dairy production.
 - Farm livestock survey.
 - Gross Indigenous Production (GIP) forecast for meat.
 - Early estimates for crop products.
- Comext database (extra-EU trade statistics).

⁹ Based on IHS (cut-off date 15th of September 2014)

Production projections for current and next year are based, depending on the sector, on Eurostat monthly data, official estimates of ministries or national statistical institutes, and on the Crop Monitoring and Yield Forecasting projections (JRC MARS AGRI4CAST¹⁰), in the case of cereals; on expert forecasts for Gross Indigenous Production (in heads) sent by Member States (MS) to Eurostat in the case of meat; on monthly milk deliveries for dairy.

The projected external trade figures are derived from the latest monthly data available by applying trends and annual profiles as well as from trade licences and import quotas, when applicable.

Arable crops

Crop areas: For MS in which data is not yet available, a percentage variation is estimated on the basis of those MS which communicated data or area is estimated through the trimmed average of the last five marketing years or assuming no changes compared to the previous year.

Yields: MS estimates or AGRI4CAST projections are used if available. If these data are not available, preferably the yield trend from 2000 to the present is retained, otherwise the trimmed average of the last five marketing years is used.

Trade: Cereal trade figures include cereals as such, plus flour and groats (in cereal equivalent). In the former editions of the Short Term Outlook maize trade included additional processed products. This has been revised backward and the balance is closed via an adjustment of the processing demand.

Balance sheets are based on a marketing year (July/June) starting with the harvest.

Cereals: Human consumption, seed use and other industrial use is based on historic relations regarding population and planted area in the relevant marketing year. Feed use is based on calculations with FeedMod, an in-house model for feed ration optimisation. Cereal use as feedstock for ethanol production for previous marketing years is based on the use of the ethyl-alcohol balance sheets produced by MS. Projections are based on information about the ethanol production development. Stocks are closing the balance for cereals¹¹. Intervention stocks equal official figures of the Directorate General for Agriculture and Rural Development for the past and estimates based on past experience for the current marketing year, if applicable.

¹⁰ <http://mars.jrc.ec.europa.eu/mars/About-us/AGRI4CAST/Crop-Monitoring-and-Yield-Forecasting>

¹¹ For all crops this refers to a situation as of end-June, which may differ from other balances, e.g. IGC for maize, USDA for corn.

Oilseeds: The balance sheets include rape, soybean and sunflower seed meal and oil, plus palm oil. Stock data represent own estimates based on expert judgement and market information. Thus, the balances close on the domestic use. A coefficient is used to determine the share of oilseeds used in the crushing industry. These coefficients are 96% for rapeseed, 93% for soybeans and 89% for sunflower seed. The balance sheets are interlinked, as oilseeds are crushed into meals and oils on the basis of processing coefficients, used to determine the percentage of meals and oils obtained from oilseeds in the crushing process. These processing coefficients equal 57% for rape meal, 79% for soybean meal and 55% for sunflower meal and 41% for rape oil, 20% for soybean oil and 42% for sunflower oil.

Meat

The meat balance sheets cover the beef, pig, poultry, sheep and goat meat categories. Trade data is divided into live animals and meat products ('fresh and chilled', 'frozen', 'salted' and 'prepared'). The offal and fat categories are excluded (with the exception of pork lard). All data is expressed in carcass weight equivalent¹².

Production estimates for the year 2013 are based on annual data on slaughtering and livestock numbers. Projections for the years 2014 and 2015 are based on the available monthly data, Member States experts forecast and the trends in livestock numbers and meat consumption patterns.

Net production refers to data on slaughtering taking place in the registered slaughterhouses as well as in other establishments. The other slaughterings are subject to constant reviews. Therefore data on the net production might be sensitive to these changes.

GIP is calculated as net production plus live exports minus live imports. Consumption is calculated as a residual, i.e. sum of production plus imports less exports plus stock change.

¹² Carcasses of bovine animals, pigs, sheep, goats and poultry are defined at point 3 ('carcass weight' at point 4) of Annex I of Regulation (EC) No 1165/2008 concerning livestock and meat statistics. For more details as regards the conversion coefficients of product weight into carcass weight equivalent please refer to the Eurostat document ASA/TE/F/655.

Milk and dairy products

The commodity balance sheets cover production of dairy products taking place in dairy processing plants and so far do not include on-farm production¹³.

Production of EU-28 total dairy products and in particular for SMP and WMP are estimated, where necessary since the concentration in the dairy processing industry has resulted in an increasing number of Member States not publishing their milk (monthly) production statistics due to confidentiality.

Milk production estimates for year 2013 are based on most recent annual milk deliveries. Projections for the years 2014 and 2015 are based on the available monthly statistics, on price expectations, on the trends stemming from the medium term projections and on consumption patterns. Assumptions are made on the dairy herd and cow milk yield, milk demand for direct sales, feed and on-farm use, and milk fat and protein content developments.

¹³ Milk statistics for the EU-N12 on-farm production of butter, cheese and other products has only recently become complete and has yet to be validated.

Milk uses for dairy products are balanced with availabilities of total milk fat and proteins through a 'residual approach'. Market forecasts are first made for milk deliveries and the production of dairy products. The forecast production figures are then converted into protein and fat equivalents and subtracted from the available dairy fat and protein of the milk delivered.

In the dairy products balances, consumption is calculated as a residual, i.e. sum of production plus imports less exports plus stock change.

When evaluating the possible future developments for dairy commodities, also expectations on the level of milk deliveries and/or changes in production of other dairy products have to be taken into account.

Knowledge of private (commercial) stocks and consumption levels is incomplete or lacking for most dairy products. The developments in domestic use may hide considerable changes in private (industry/trade) stocks.

Glossary

EU-15 includes EU Member States in 2003: Belgium, Denmark, Germany, Ireland, Greece, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal, Finland, Sweden and the United Kingdom.

EU-N12 includes the Member States that joined the EU in 2004: the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia, and in 2007: Bulgaria and Romania.

EU-N13 includes EU-N12 plus Croatia, which joined the EU the 1st July 2013.

EU-27 includes EU-15 plus EU-N12, i.e. the European Union between 2007 and 2013.

EU-28 includes EU-15 plus EU-N13, i.e. the European Union since 2013.

Data

Balance sheets for the EU and production figures at Member State level are available on Europa

(http://ec.europa.eu/agriculture/markets-and-prices/short-term-outlook/index_en.htm)

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