



The 2018 EU Agricultural Outlook Conference

THE FUTURE OF FOOD AND FARMING

FOOD FOR THOUGHT

EU agricultural outlook for arable crops and biofuels

Brussels, 6 -7 December 2018



Let's look at a seed in 2030

... and some existential questions



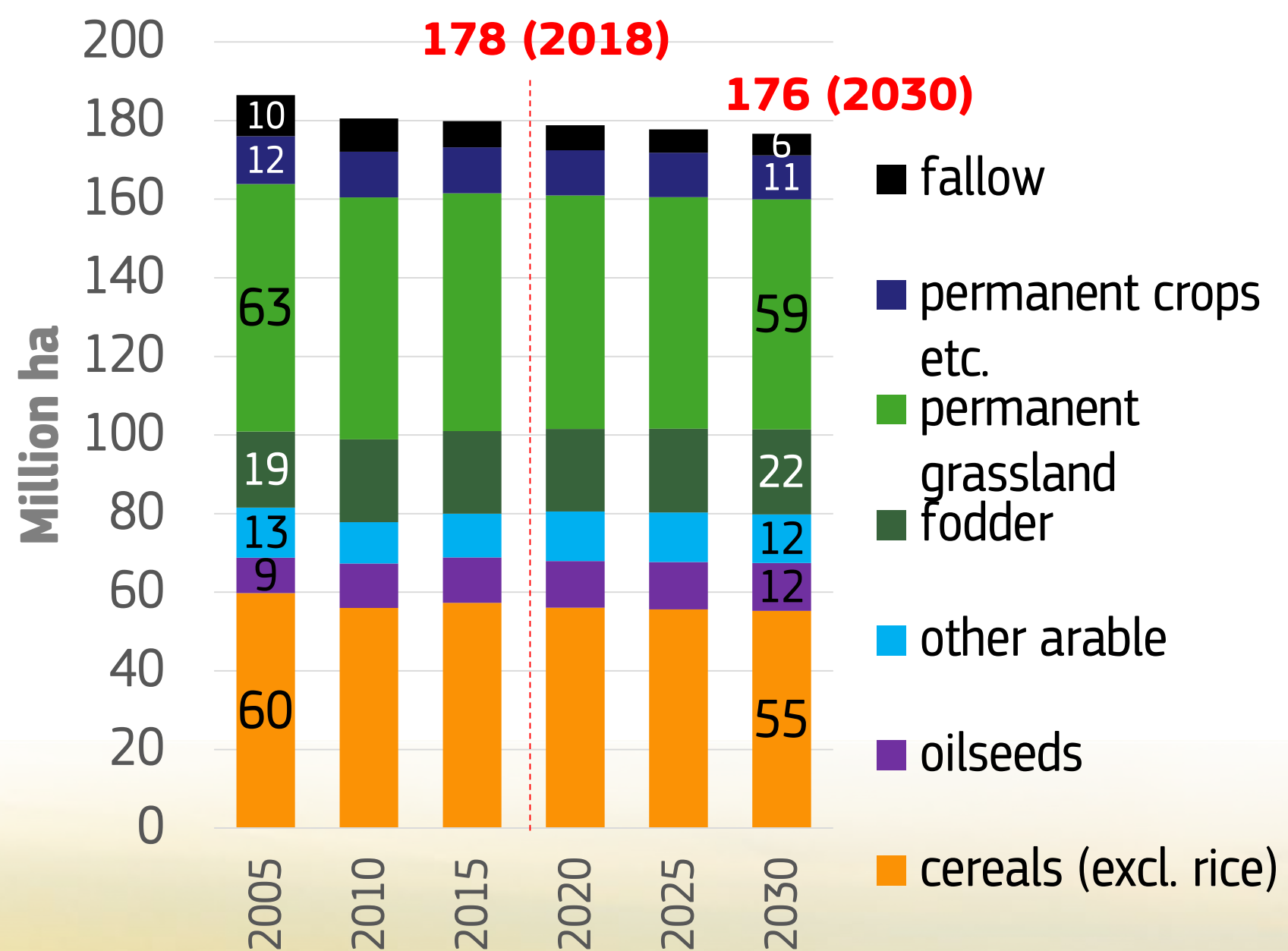
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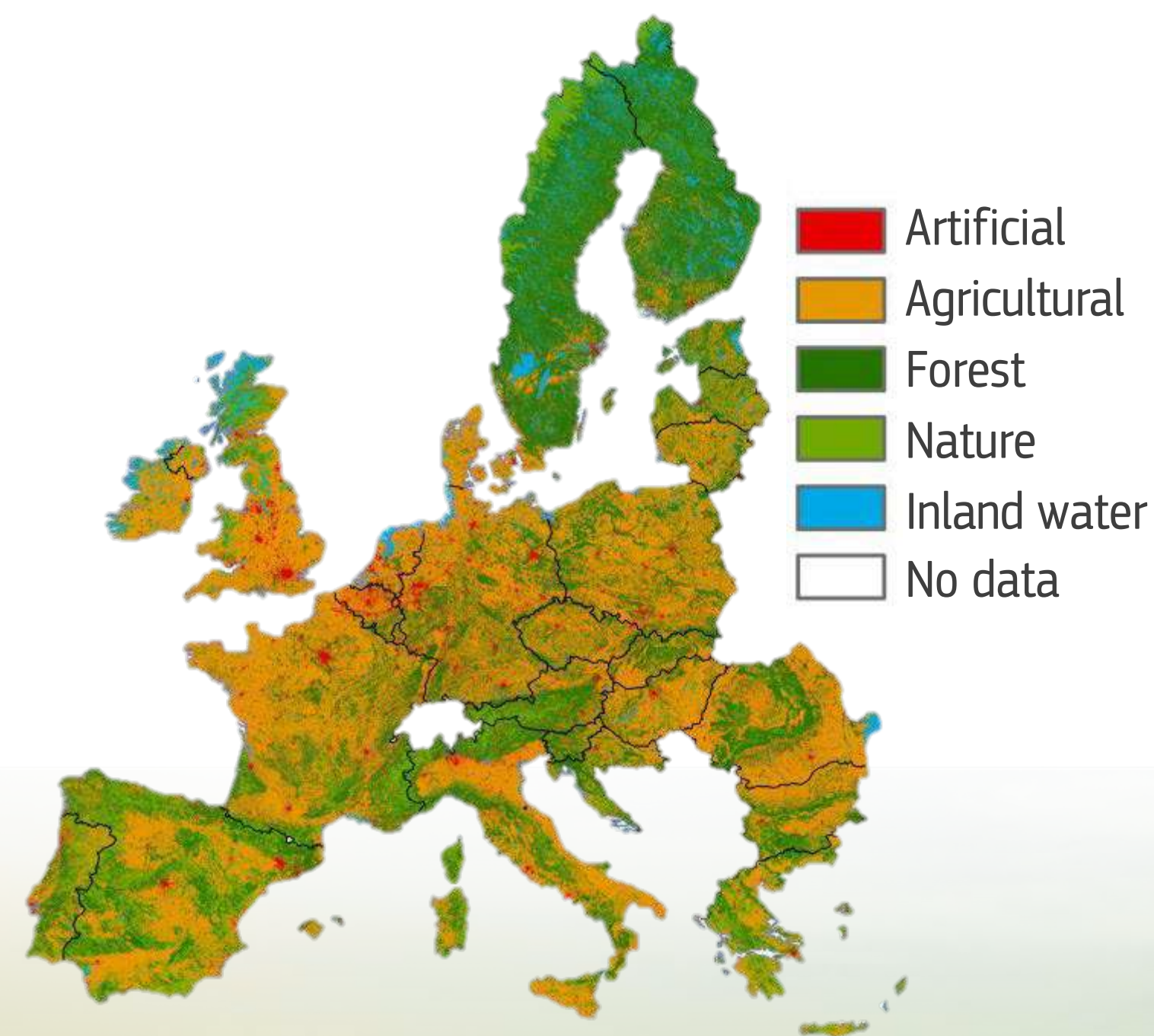
What seed could it be?

Development of agricultural area

Development of agricultural area in the EU



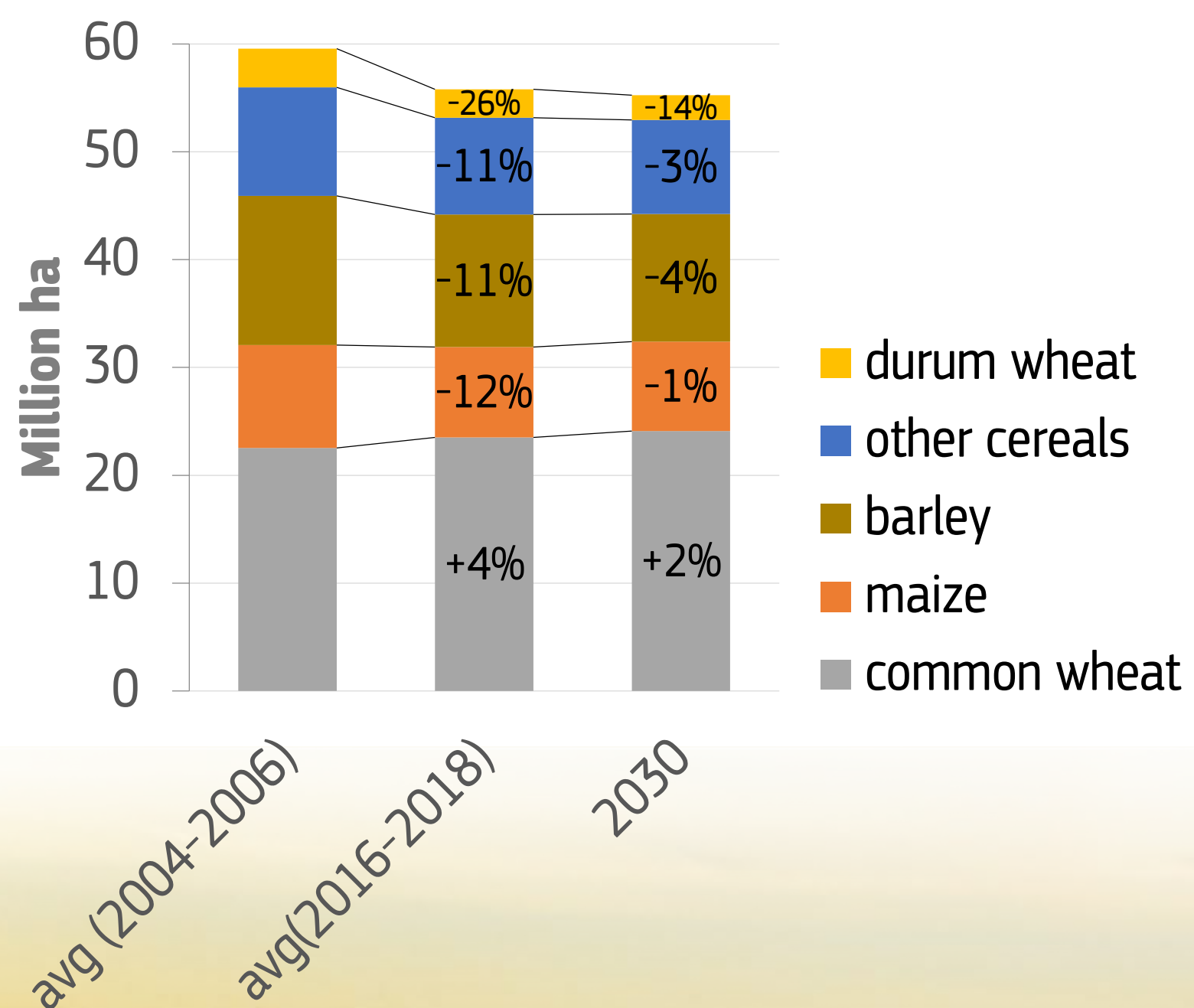
Competition from other uses
... but outflow at lower pace



What seed could it be?

Development of cereals, oilseeds and protein crop area

Development of cereal area in EU



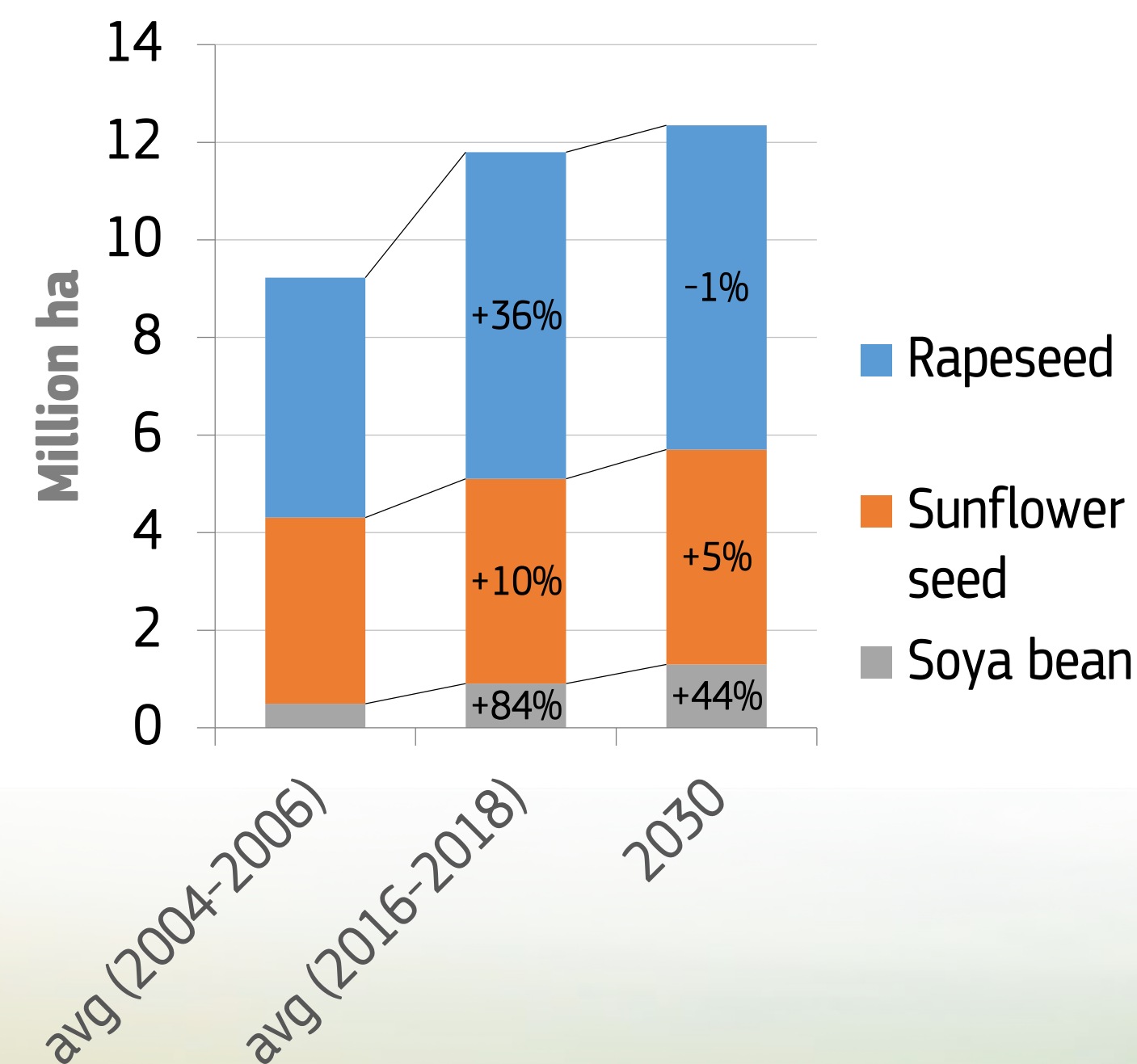
- Mergers in seed, large processing and grain trading companies
- Farm size increasing
- Specialisation and scale economies

← **Wheat area up**

- Renewed market interest
- Policy support for protein rich crops

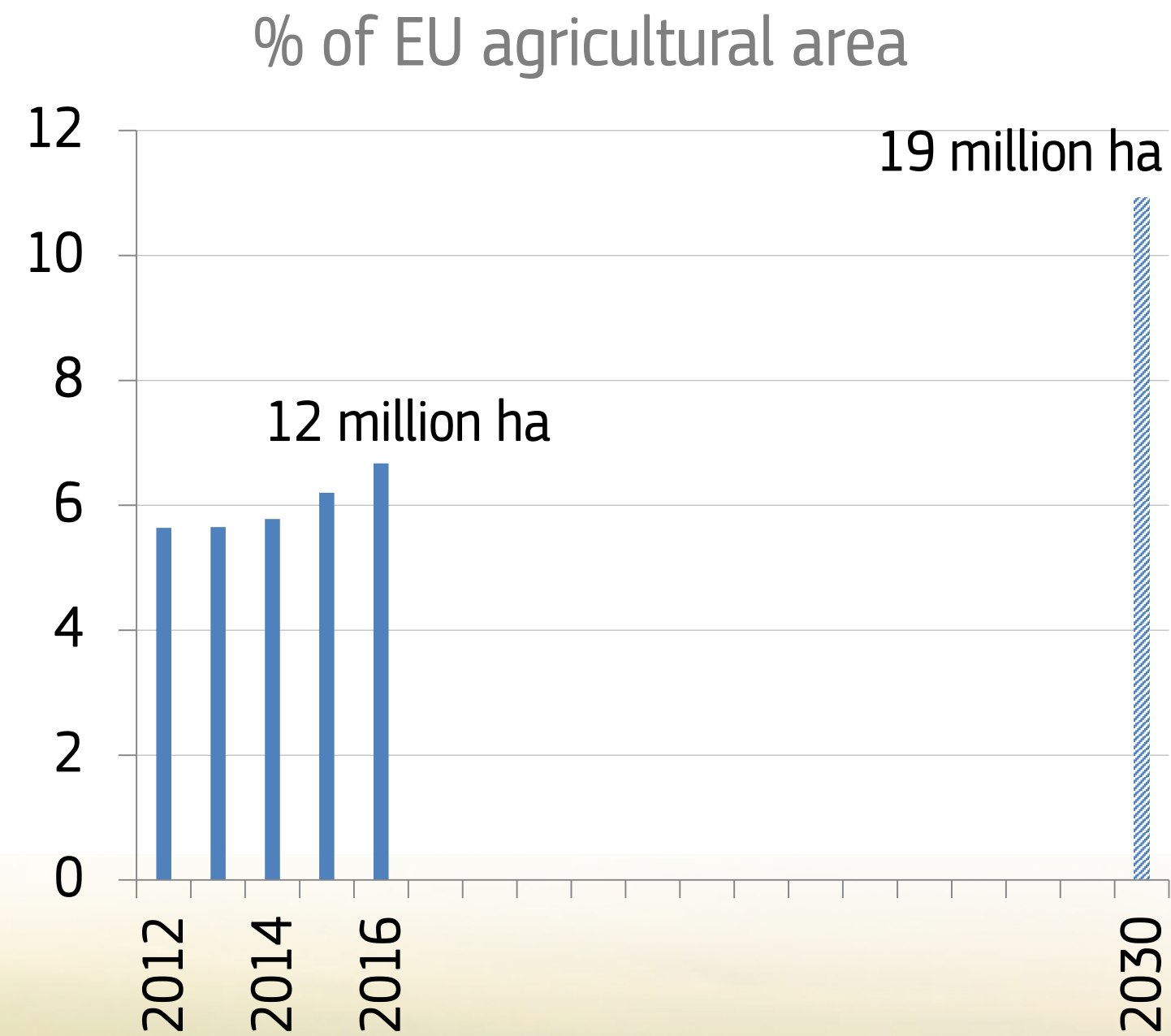
→ **Soya bean and protein crop area up**

Development of oilseed area in EU



In what environment could it grow up?

Organic area increasing



Area small but growing

- 2% of oilseed area (2016) from 1.5% (2014)
- Soya bean most dynamic
- Cereals also just above 2%
- Sugar beet virtually none

Demand both for food and feed

- Higher than supply and growing
- Bread, soya drinks, tofu, veggie burgers
- Organic production of milk, eggs and beef very dynamic

Arable crops need to catch up



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In what environment could it grow up?

Alternative scenarios in this outlook

Prepared by JRC

Potential market impact of Chinese retaliatory tariffs on US soya bean and pigmeat imports



Drivers for protein rich crop development in the EU



Food Waste - Quantifying the market and non-market impacts of EU household food waste reductions



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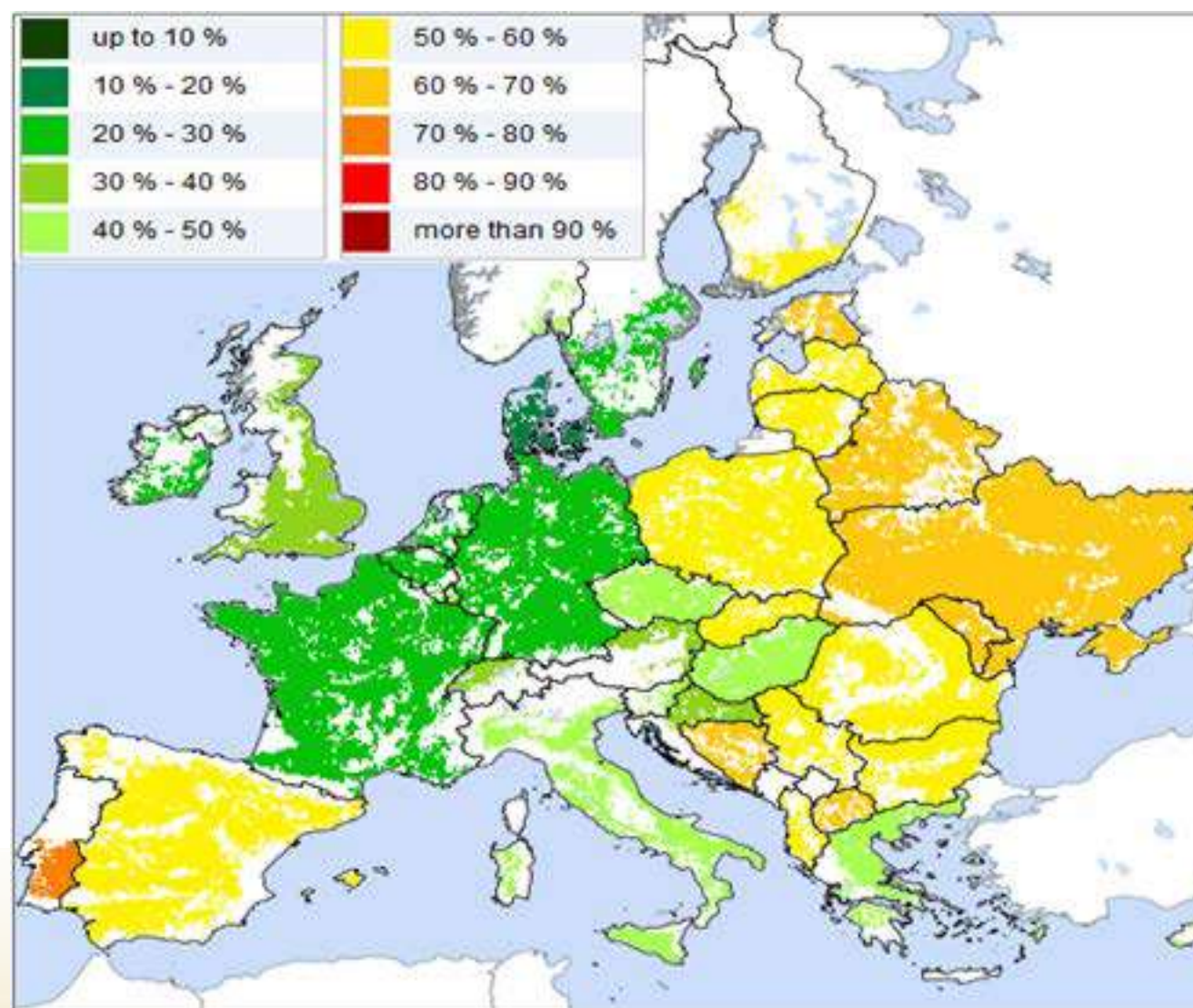
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How well will it perform?

Yield potential

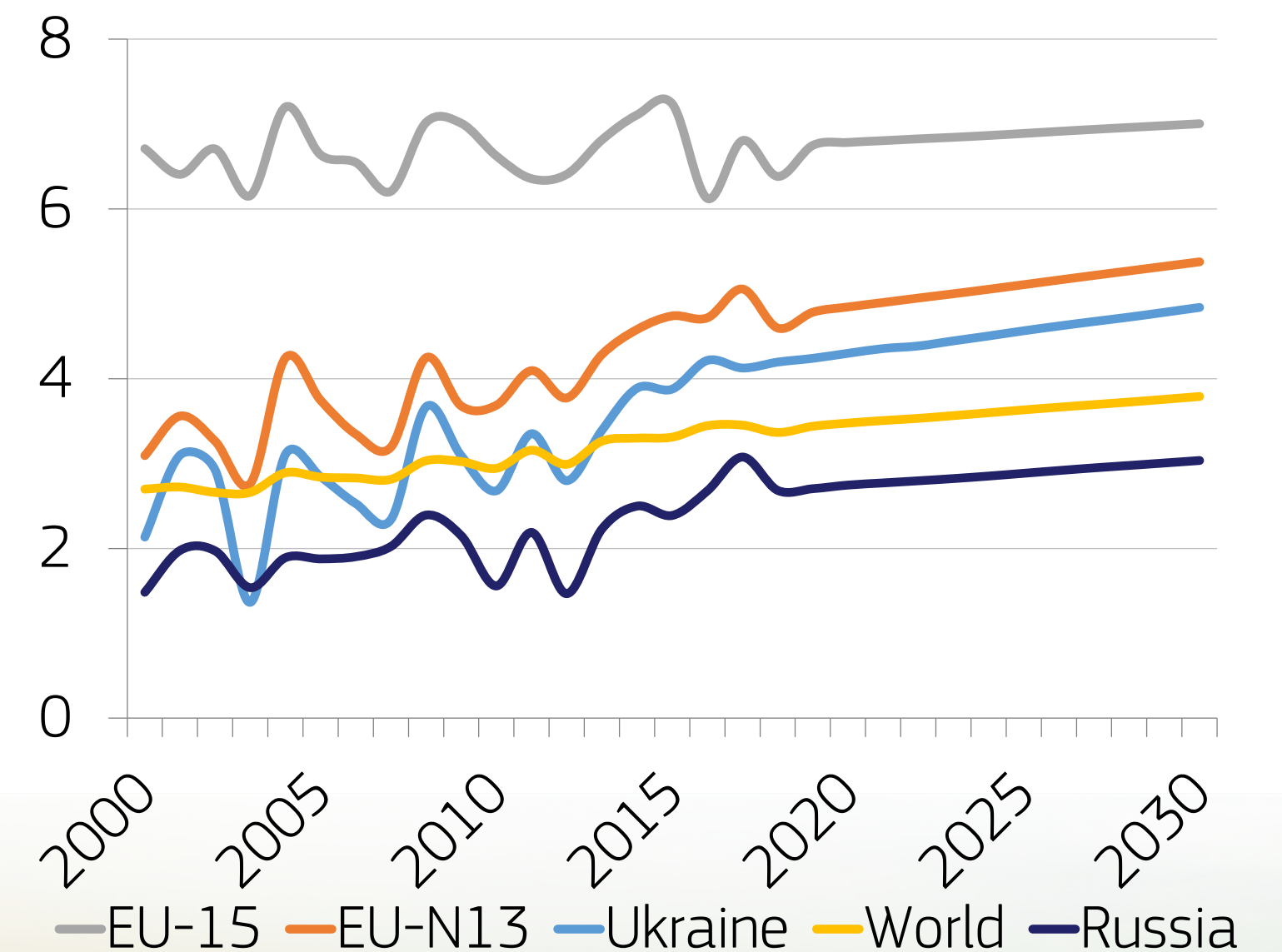
- Close to biophysical and agro-economic potential
- Catching-up in some regions
- Organic yields lag behind
- Regulatory, economic and agro-climatic constraints
- New technologies: digitalisation in precision farming etc

Relative yield gap for rainfed wheat in Europe (%)



Source: Global Yield Gap Atlas

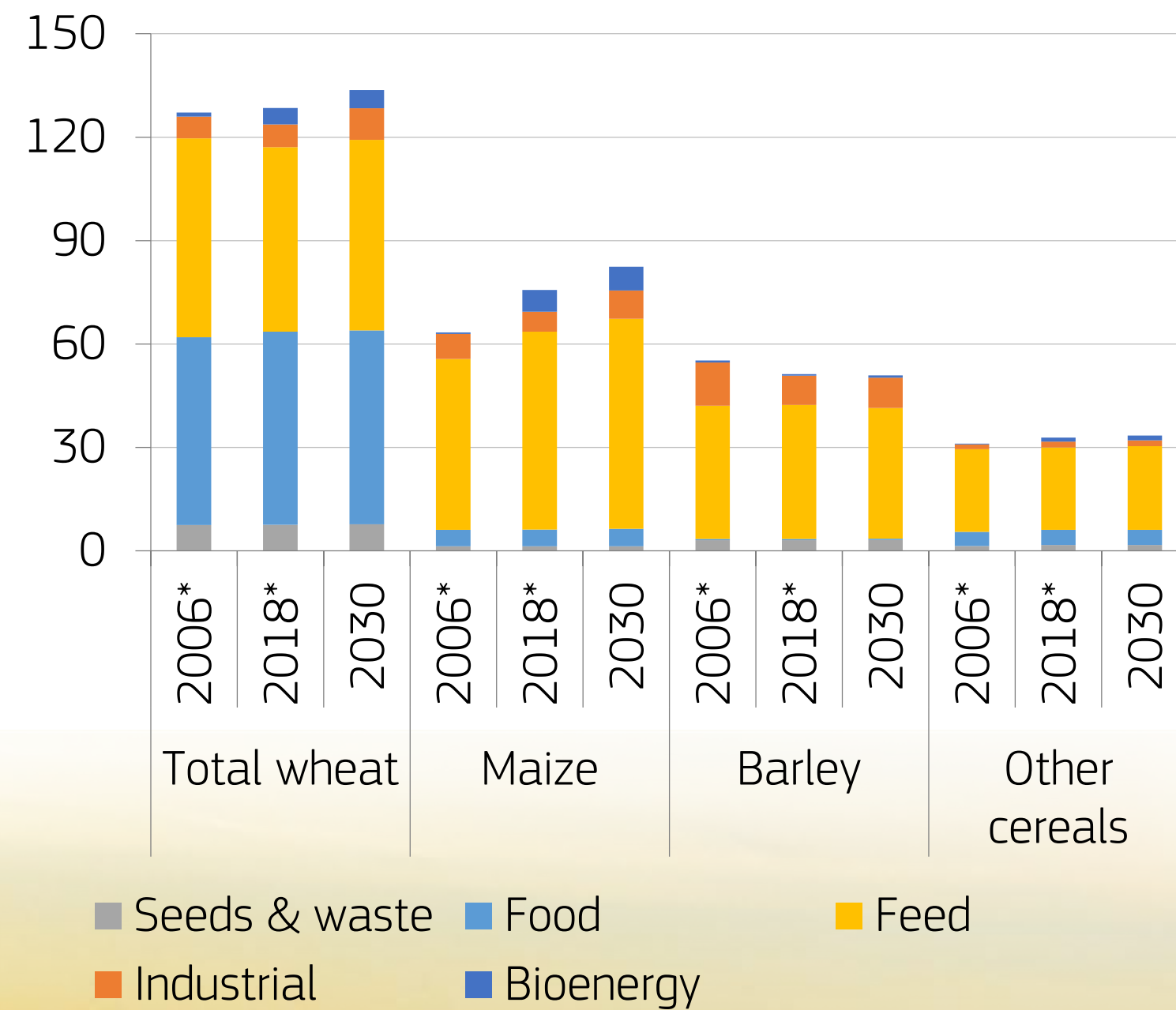
Common wheat yield growth (ton/ha)



In who's stomach will it end up?

Food or feed

Demand for EU cereals (million t)



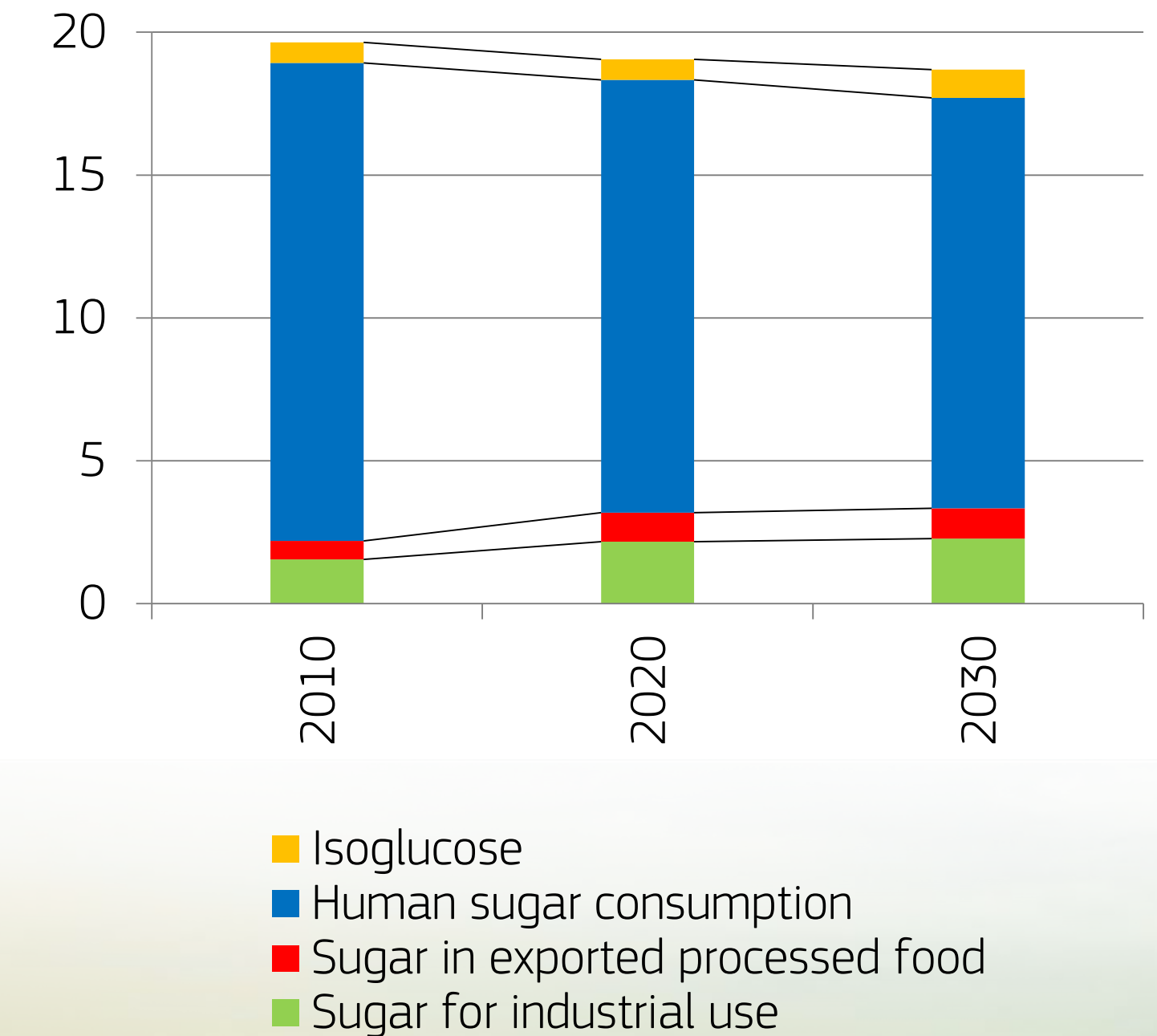
Food

- Bread consumption decreasing but pastries increasing
- Beer consumption stabilising
- Issues around palm oil
- Soft drinks and sugar confectionary decreasing
- Plant protein consumption increasing

Feed

- More compound feed
- But not very dynamic

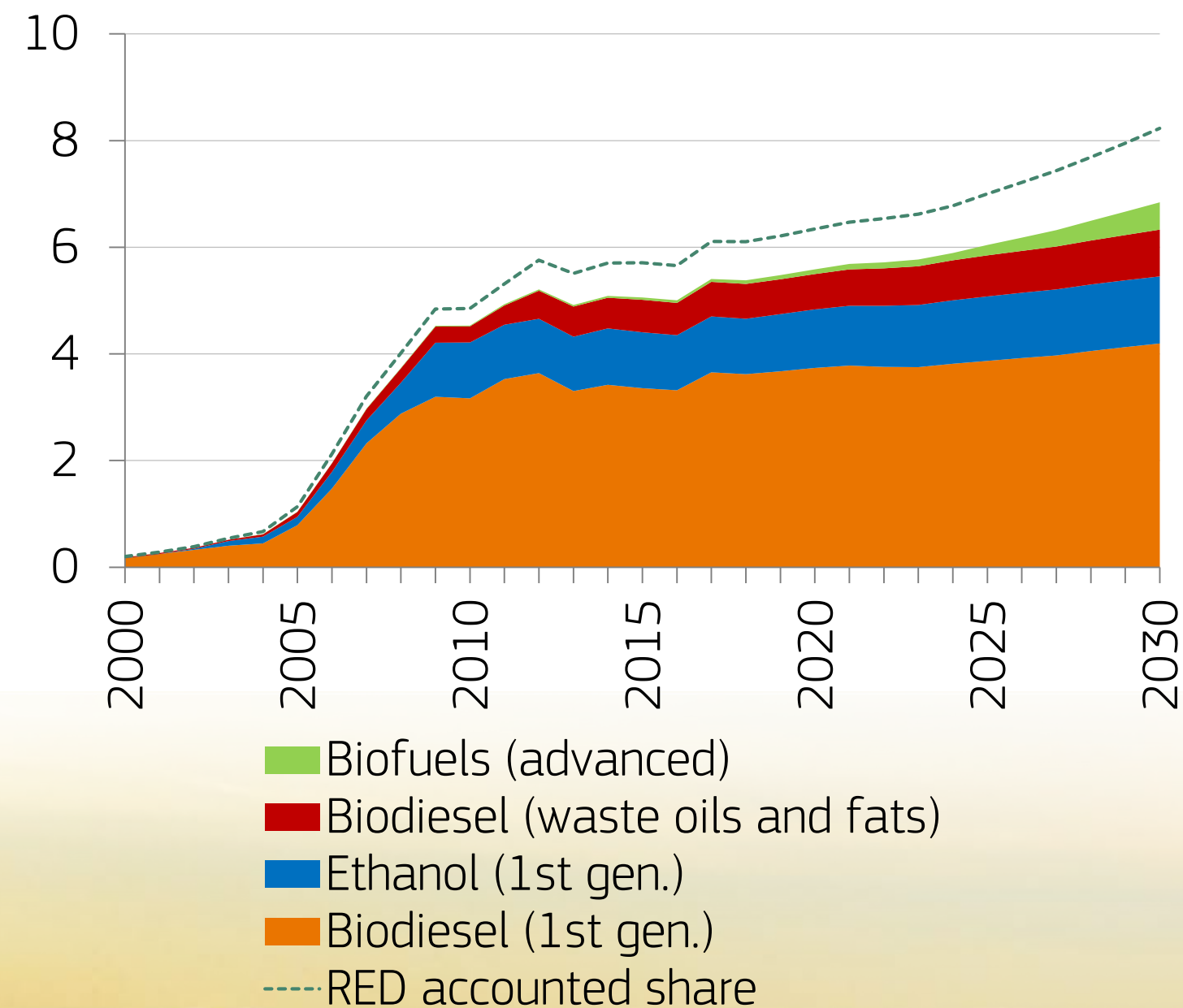
EU caloric sweetener consumption (million t)



In who's stomach will it end up?

...or fuel and industrial use

Biofuel shares in transport energy (%)



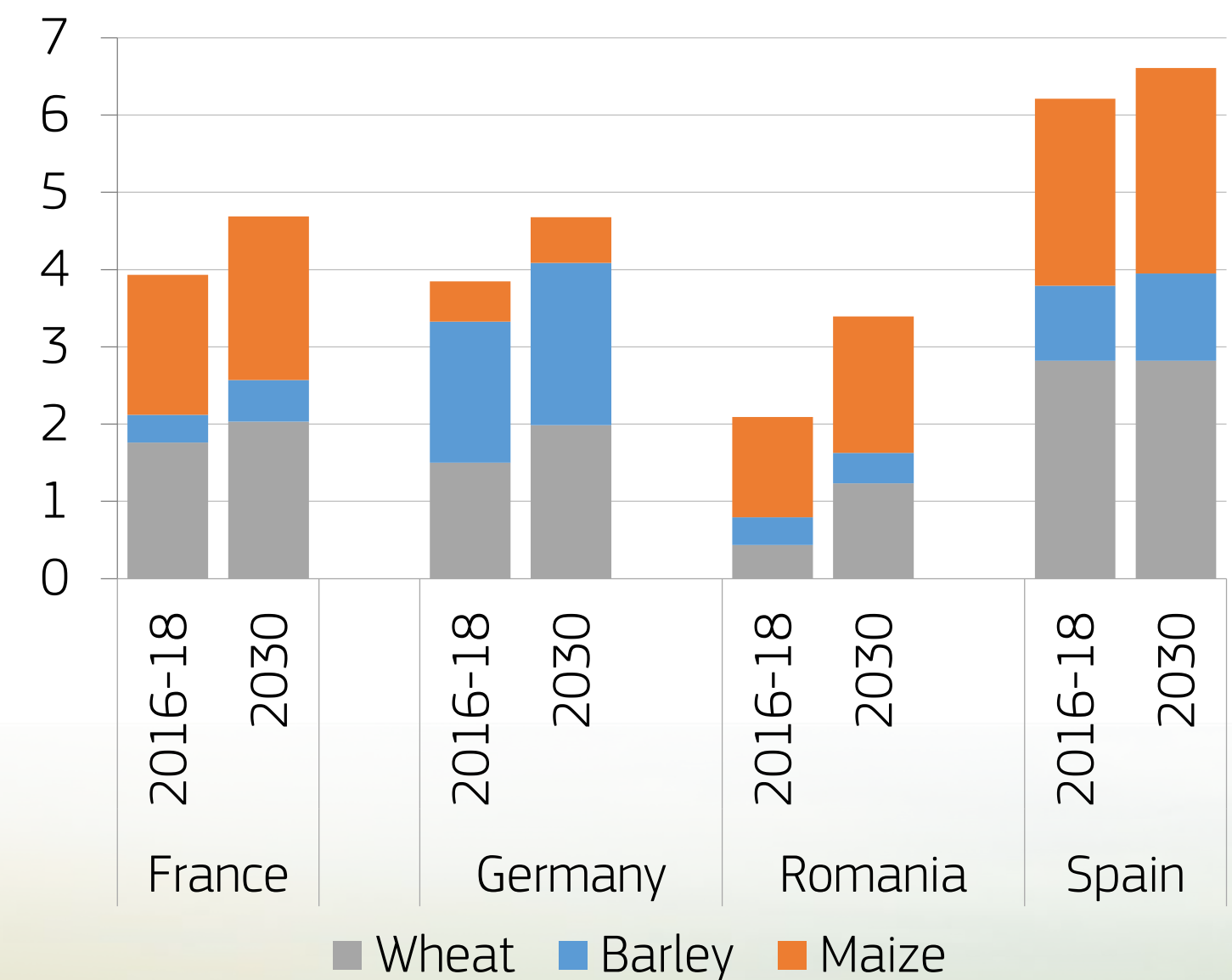
Biofuels

- More certainty due to REDII
- Fuel use down
- Advanced to increase
- Food and feed based feedstocks stabilise

Industrial uses

- cosmetics, pharmaceuticals, biobased plastics, polymers, detergents, paper
- Small but increasing
- Conducive policy environment
- From starches & vegetable oils

Industrial use for cereals in selected EU Member States, average 2016-2018 to 2030 (million t)



Source: AGMEMOD

Will it travel far?

Question to the audience

Go to [slido.com](https://www.slido.com) - event code [#AgriOutlook](https://www.slido.com/join/shared-event/code/AgriOutlook)

Who's expected to be the **n°1 wheat exporter** in the coming years?

1. EU
2. Russia
3. Ukraine

?



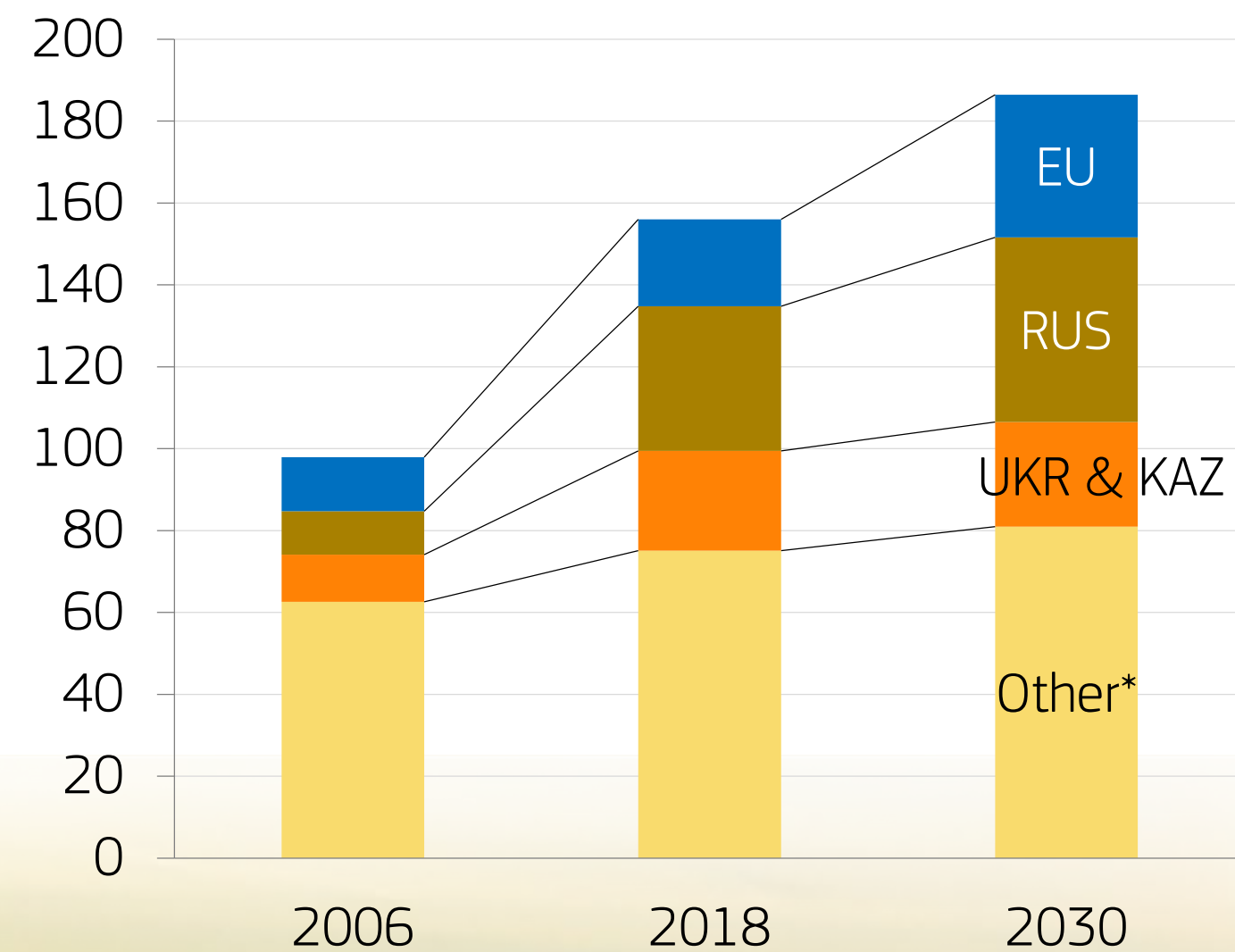
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Will it travel far?

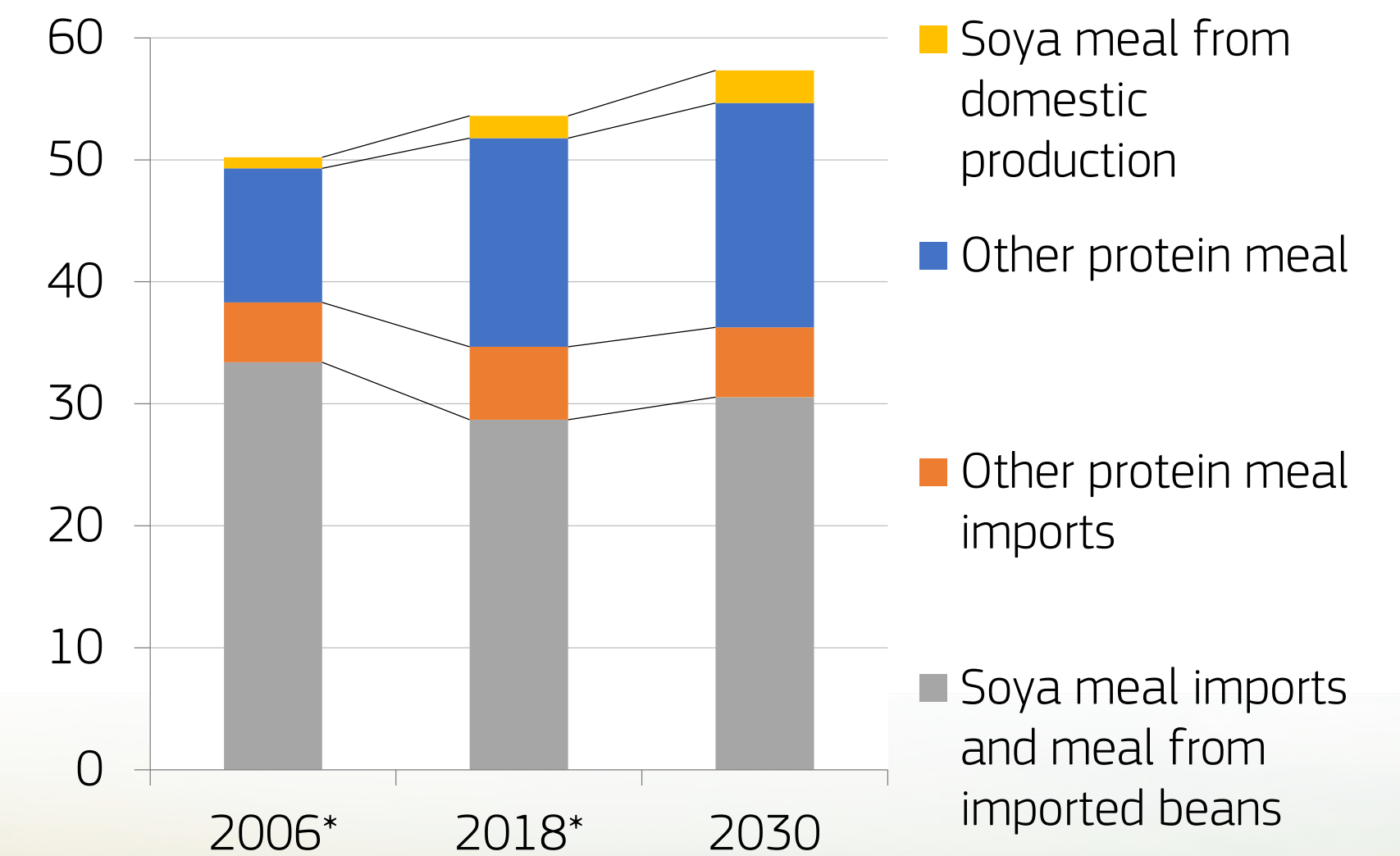
Export and imports?

Global exports (million t) for wheat grouped by main exporting region



- Average (2004-2006); average (2016-2018)
- Other exporters: mainly US, CAN, AUS and ARG

EU protein meal sources (million t)



* Average (2004-2006); average (2016-2018)



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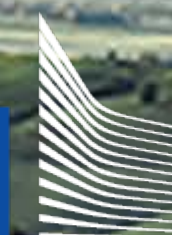
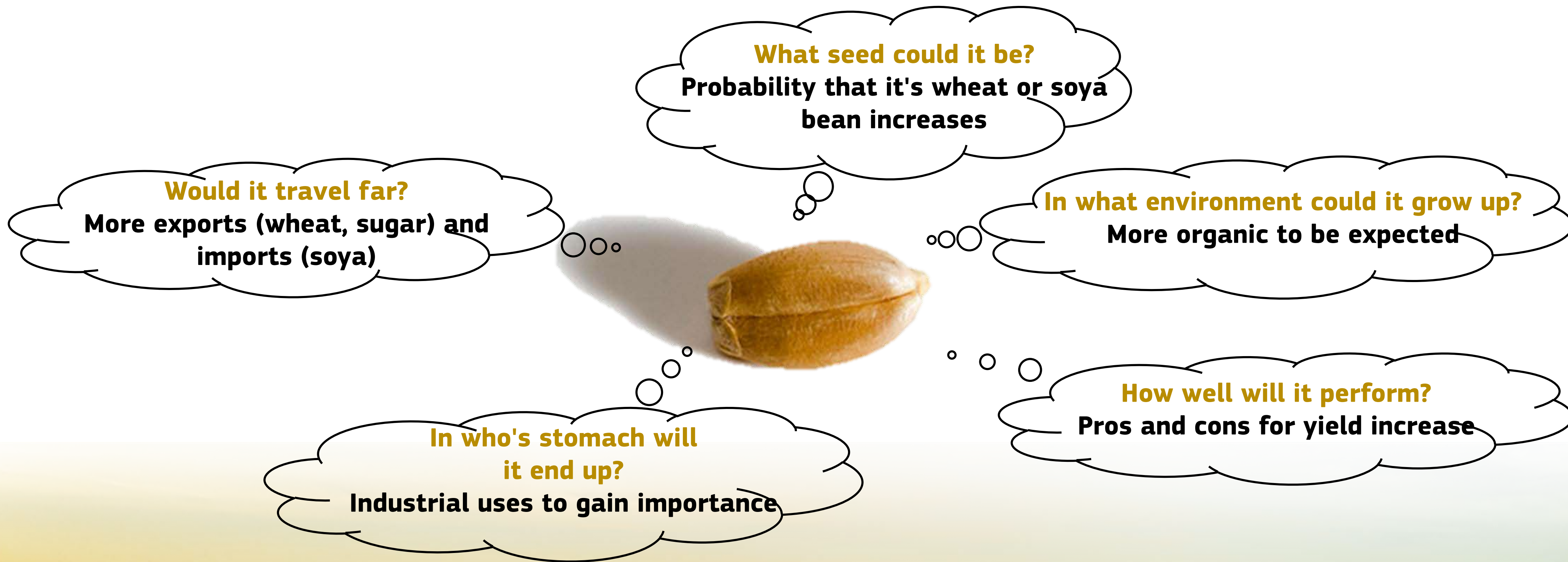


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