European Commission

Prospects for EU pig sector 2025

Benjamin Van Doorslaer

DG Agriculture and Rural Development
European Commission

Agriculture and Rural Development

Outline

- Why DG AGRI outlook? What is the outlook ?
- Macroeconomic drivers and uncertanties
- Market outlook for the pig sector

European Commission

Sources and process

- OECD/FAO Agricultural Outlook 2015-2024
    - Agricultural commodity markets for the rest of the world
- EU Short Term Outlook
    - Recent years and orientation for near future
    - Version of Autumn 2015
- Macro-economic forecast
    - For the EU: AMECO November 2015 (DG ECFIN)
    - Consistent source for main countries and up to 2025 (IHS Global Insight)
- Expert opinion
    - In-house expertise and senior staff
    - Workshop on EU commodity markets, October, Brussels
- Modelling work and validation (with JRC-IPTS)
    - AGLINK-COSIMO (EU-version) & uncertainty analysis

DG AGRI outlook

- Outlook based on macroeconomic assumptions and current agricultural and trade policies
- 'thinking about the future' but surrounded by uncertainty.
- A baseline for further studies
  - Evaluation of current CAP
  - Impact assessment reform
  - Trade deal impacts
  - …

Main uncertainties

The macroeconomic picture

- *The long-term level of the crude oil price - will disinvestment hit supply post-2020?*
- *The exchange rate volatility – when a price decline for some is increase for others*
- *The persistence of sluggish GDP growth – now expanding also to emerging economies*

The demand side picture

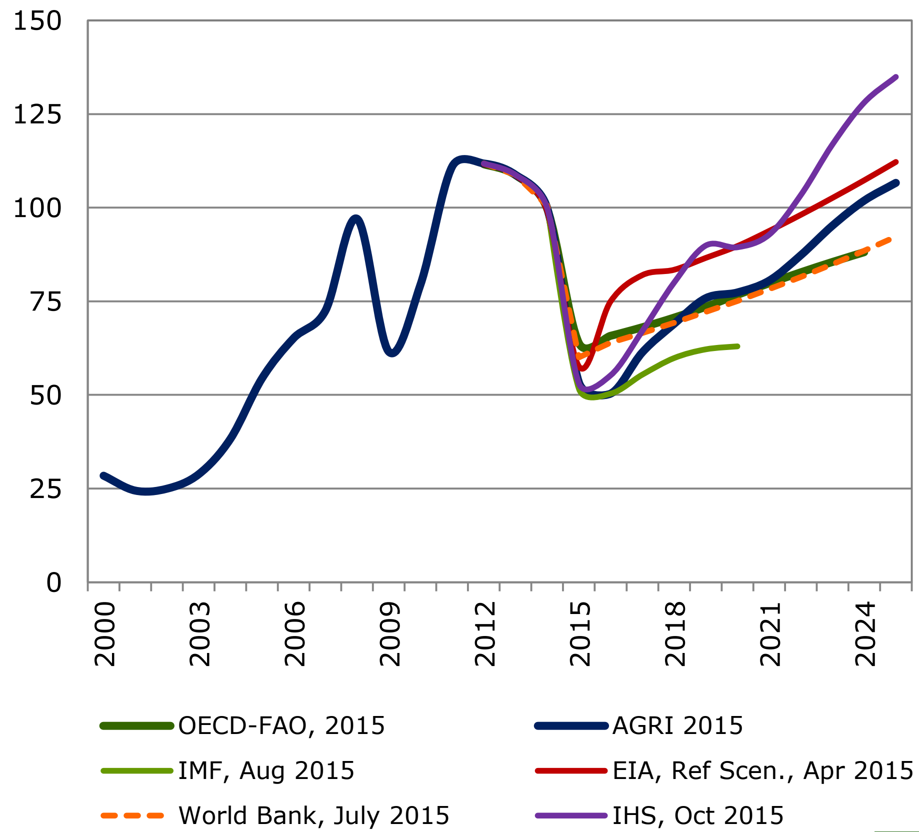
- *Despite population dynamics, there are asymmetries in trends*
- *Dietary patterns also reflect different, often counter-intuitive developments*
- *Diverging trends and cross-cutting effects within same group of commodities*

The supply side picture

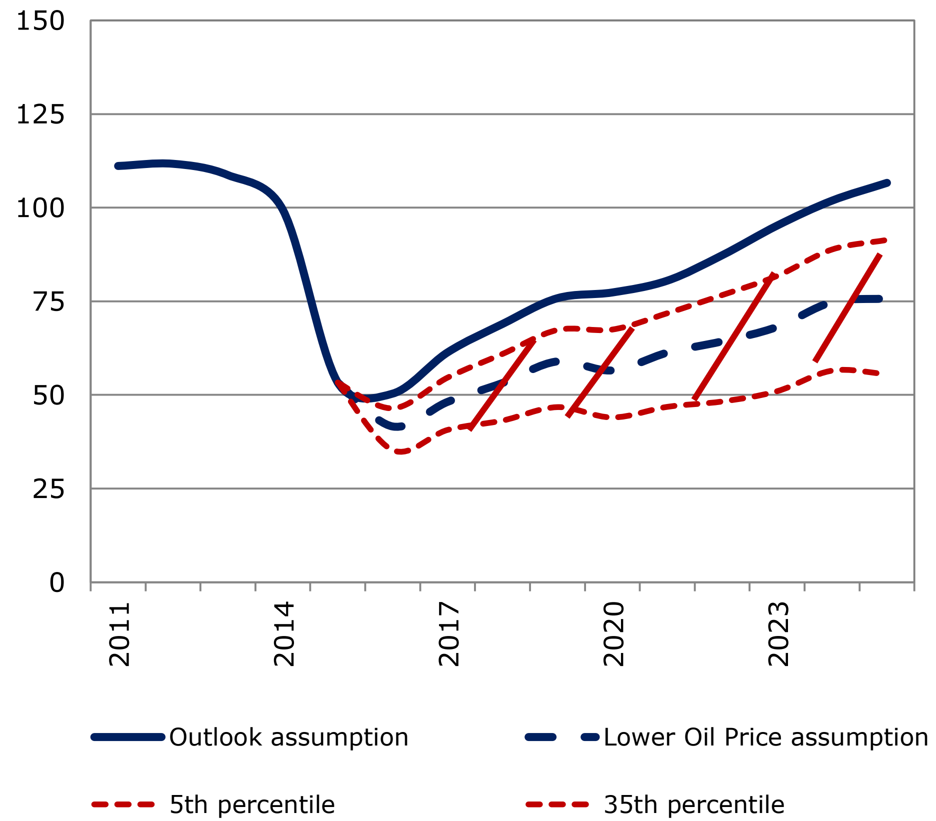
- *The wider energy picture – not just crude oil but also impacts from natural gas etc.*
- *Short-term and long-term impacts of climatic events, including from climate change*
- *Diverging productivity patterns (and not just for yields…, e.g. RTD, innovation, etc.)*

The uncertain world of crude oil prices

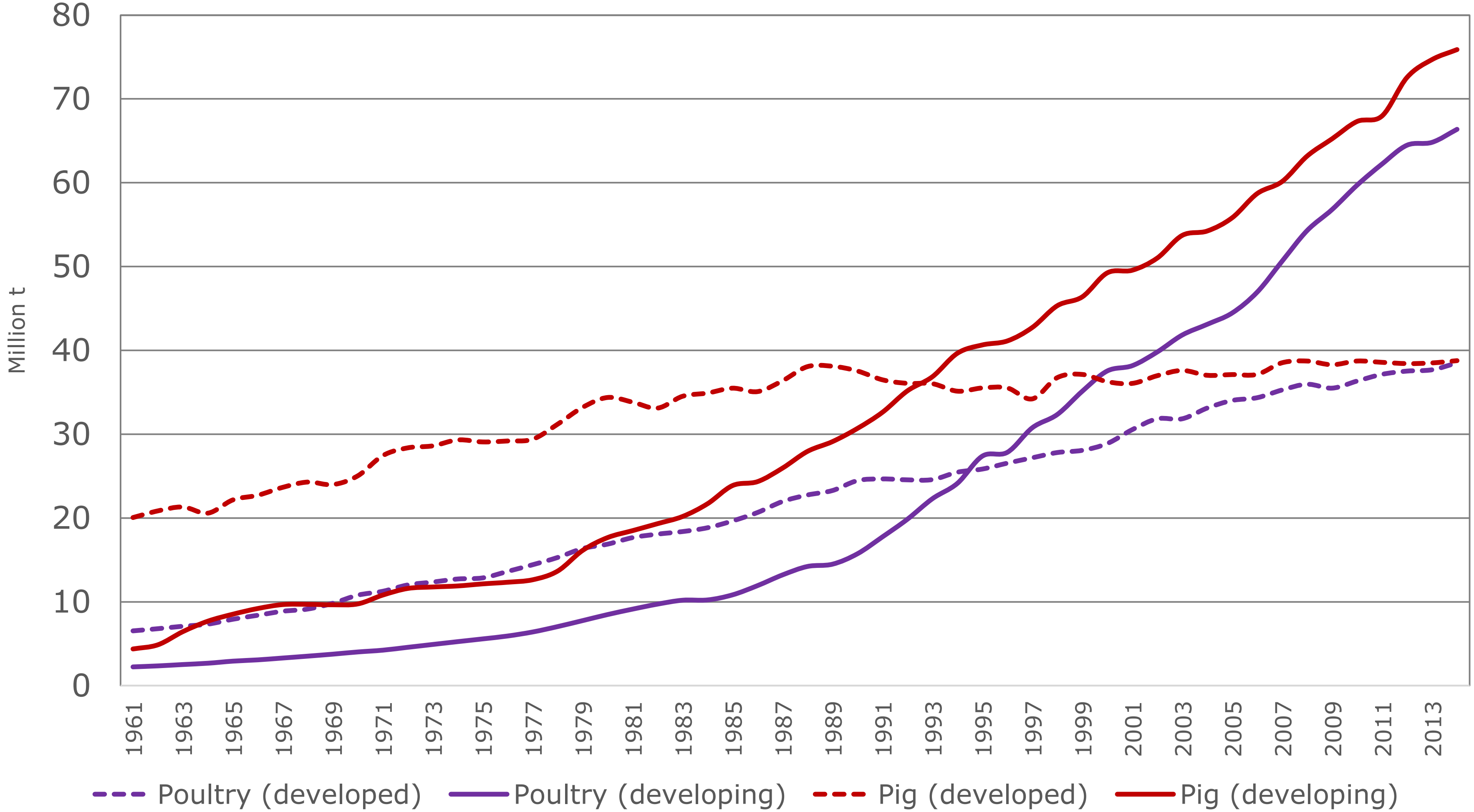
Diverging crude oil assumptions…



…and alternative scenarios



Pig and poultry consumption

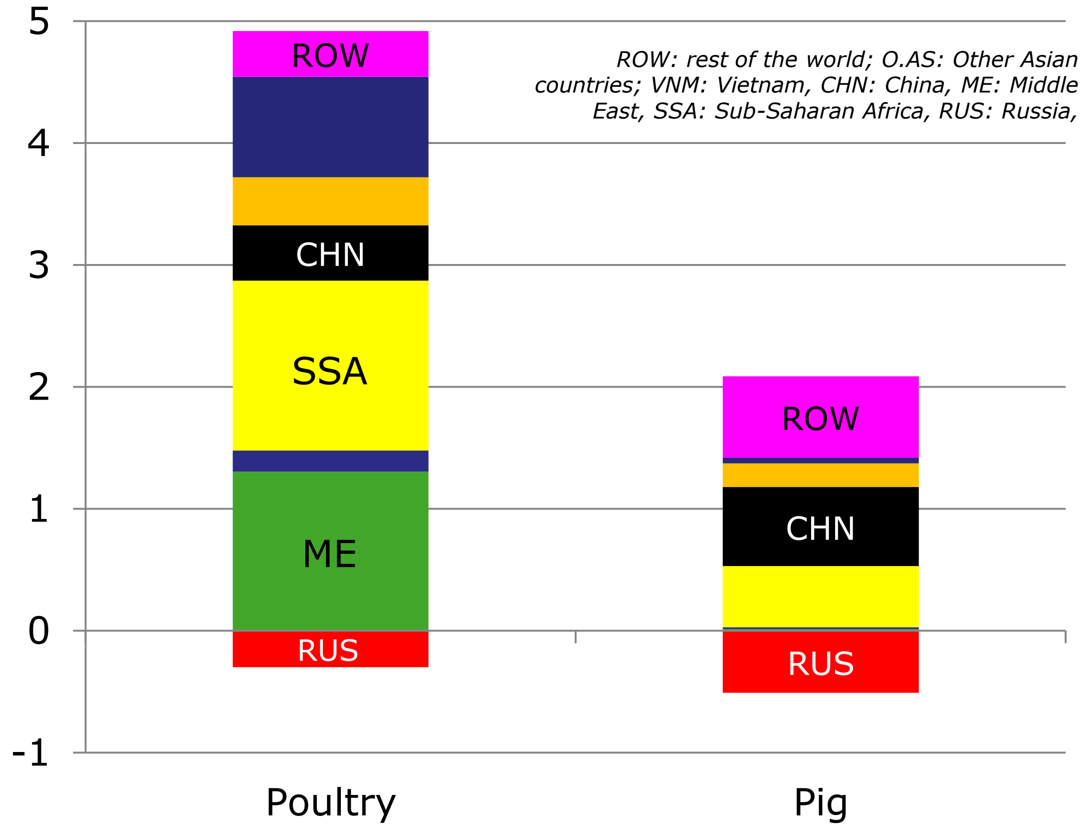


Source: DG AGRI based on FAOSTAT

Steady growth in world imports

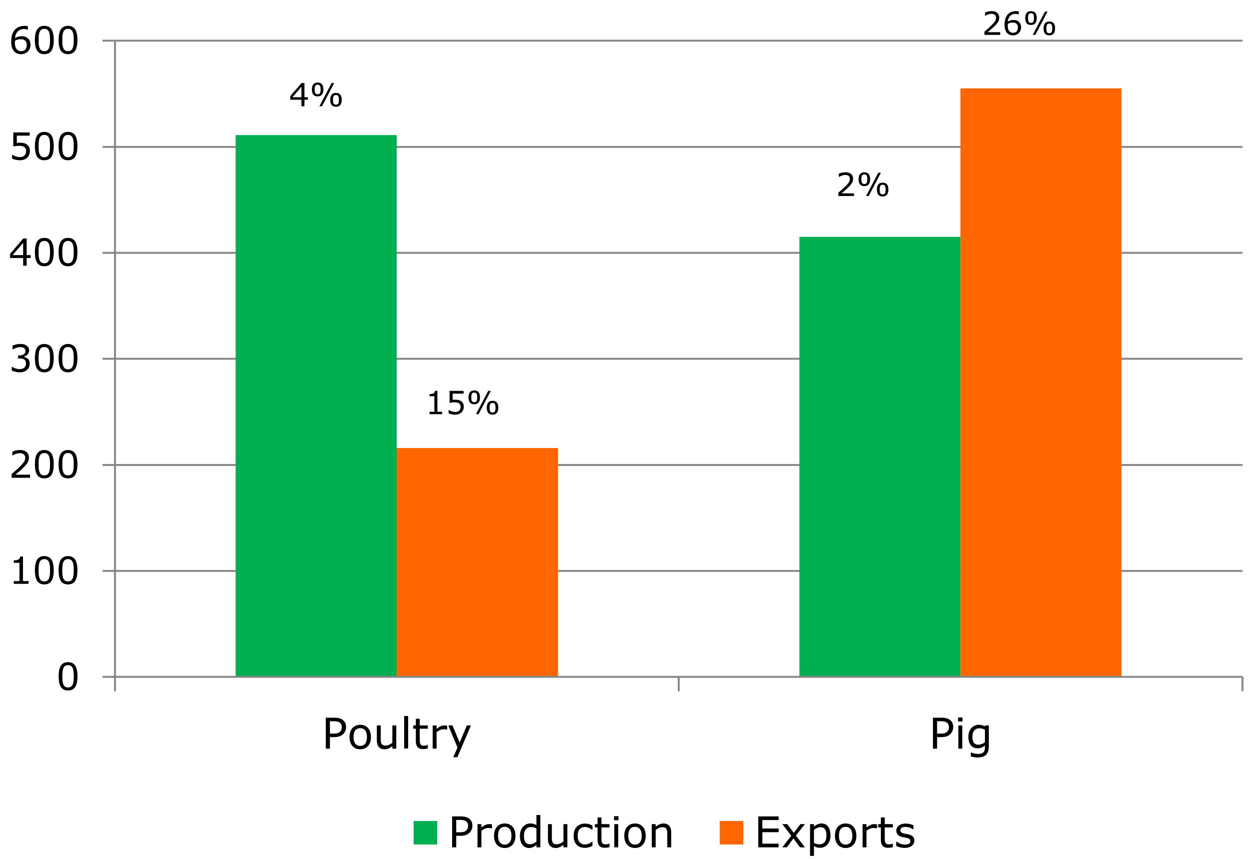
- +1% per year in world consumption (poultry:1.9%)
- +2% per year in world imports (poultry:2.6%)
- Growth mainly in existing EU trade partners

Change in world imports of meat products and live animals 2025 vs. 2015 (million tonnes carcass weight)

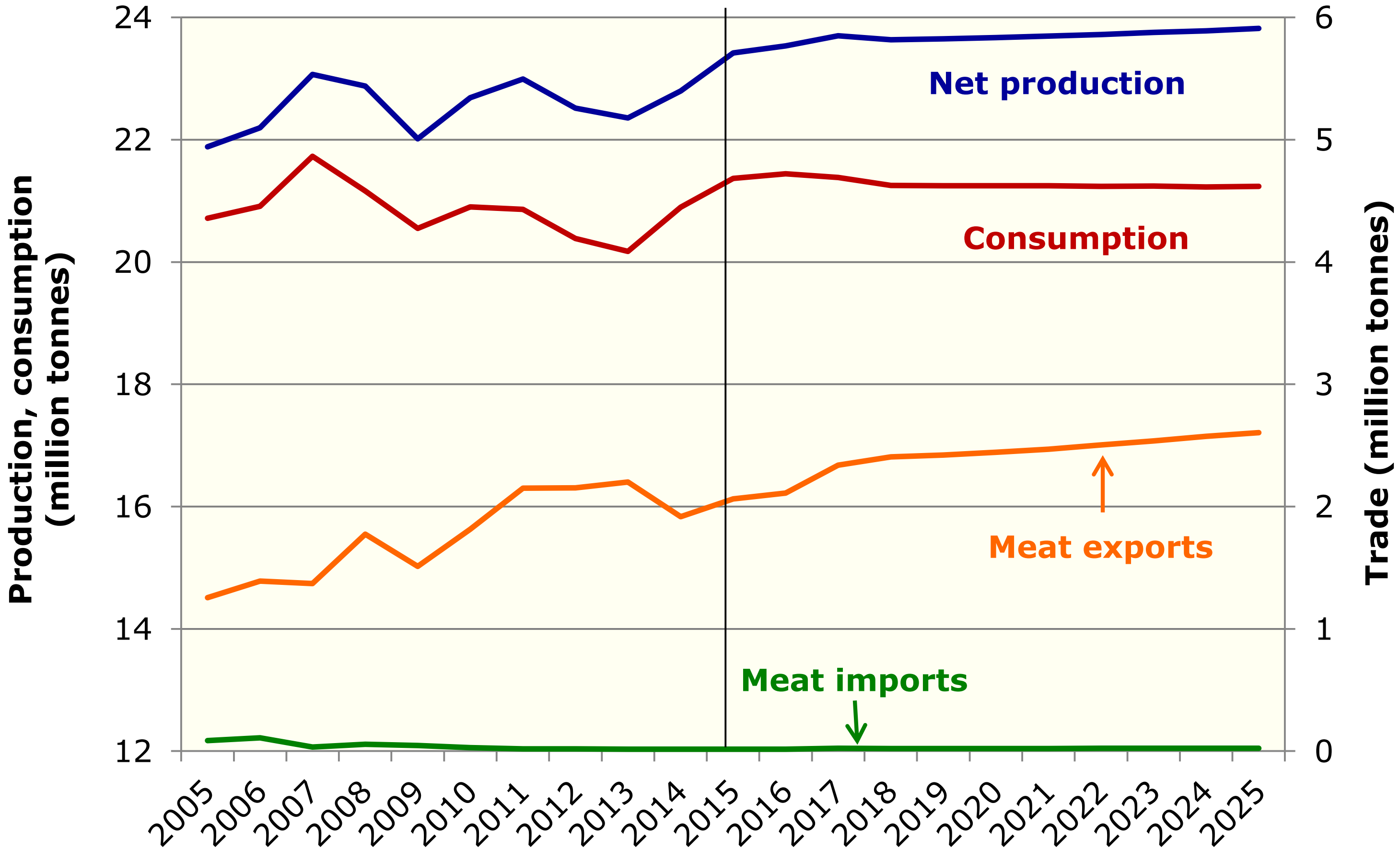


Source: DG Agriculture and Rural Development (final baseline), based on OECD-FAO Agricultural Outlook 2015-2024

Changes in EU production and exports (2025 vs 2015)

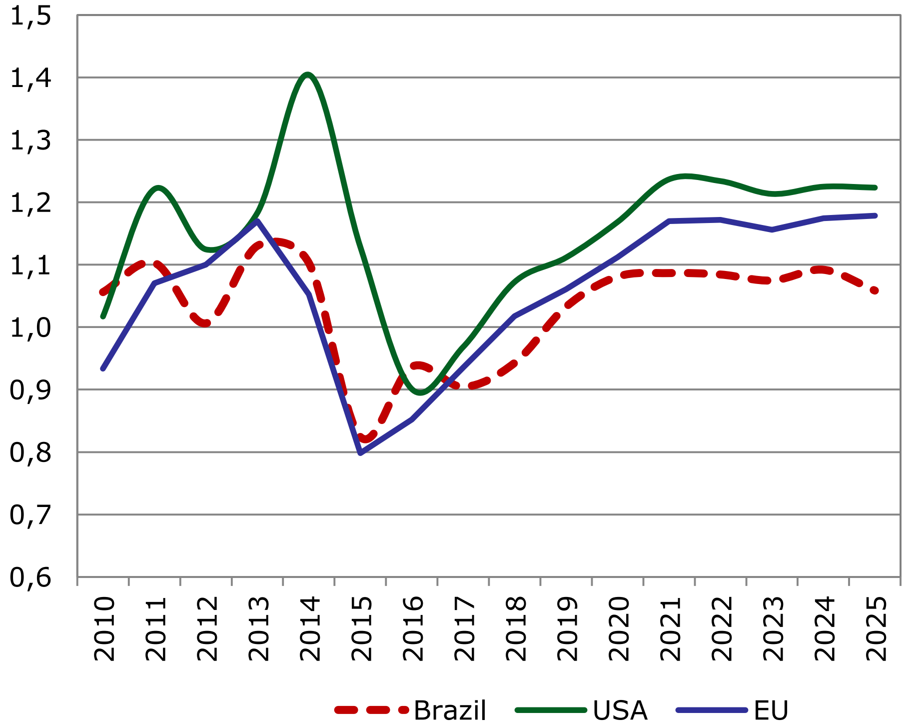


To summarise

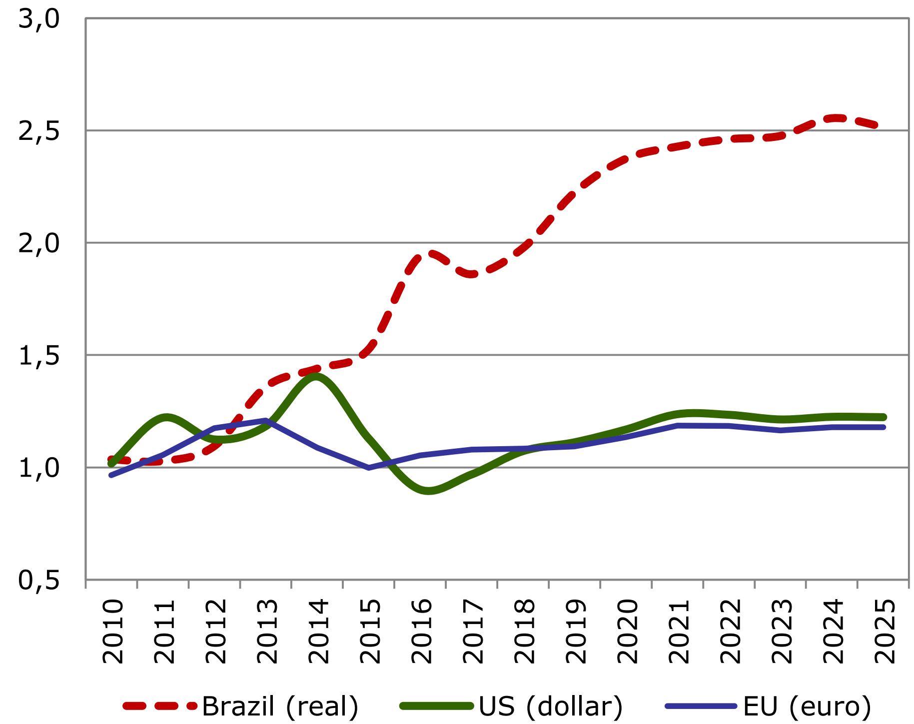


Prices faced by exporters and producers

The pigmeat price in dollar



The pigmeat price in local currency



Note: 2010 = index based on a 3-year average of 2009-2011

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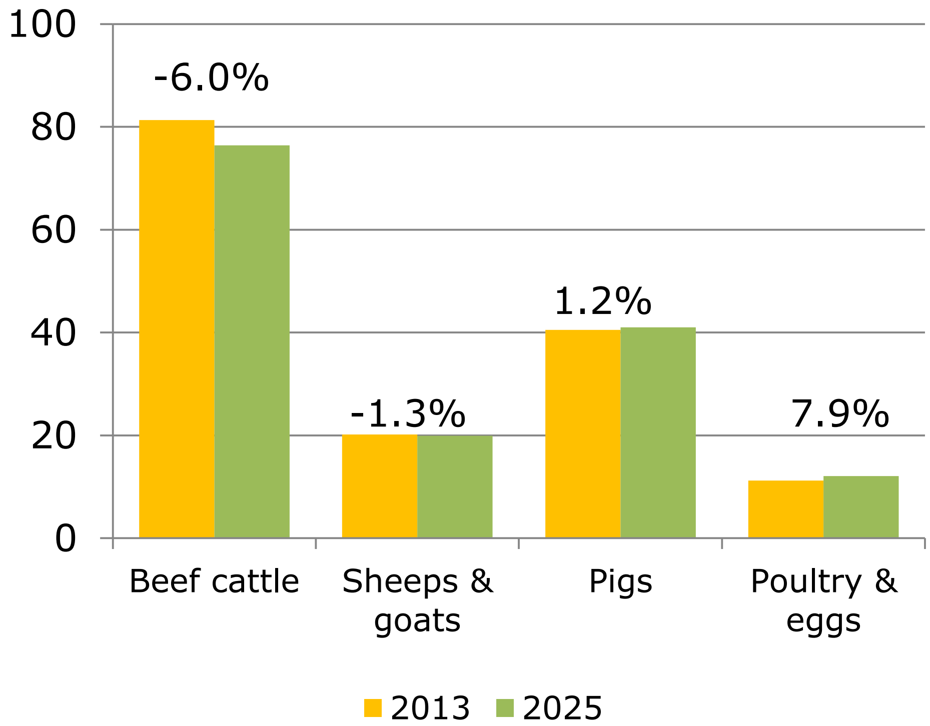
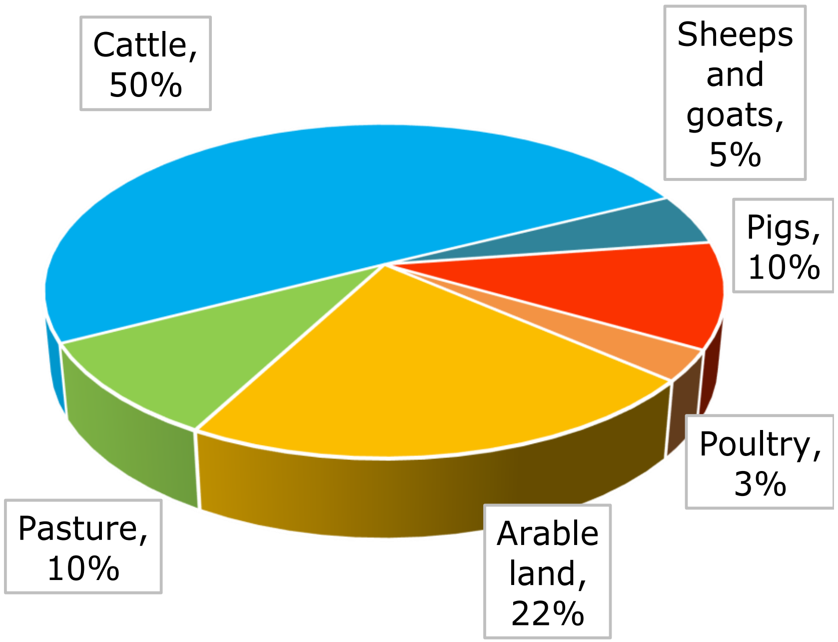
Source: DG Agriculture and Rural Development Outlook based on OECD-FAO Agricultural Outlook 2015-2024.

GHG emissions from agricultural activity decline slightly by 2025

GHG emission in agriculture
(in million t of CO_2-equivalent)



Share of GHG emission by agricultural activity in 2025



Source: JRC, based on CAPRI baseline

Highlights for pig production in the EU

- **Slowly growing world demand by 2025**
- **Slightly declining per capita pigmeat consumption in EU, but total EU pigmeat consumption remains stable**
- **Larger share of EU production goes to exports**

Reports and data available at:

http://ec.europa.eu/agriculture/index_en.htm

http://ec.europa.eu/agriculture/milk-market-observatory/index_en.htm

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

http://ec.europa.eu/agriculture/policy-perspectives/index_en.htm

http://ec.europa.eu/agriculture/trade-analysis/index_en.htm

Thanks!