Study
Storage capacities and logistical infrastructure for EU agricultural commodities trade (Preview)

Civil Dialogue Group Arable Crops
COP/SEEDS

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Agriculture and Rural Development

Contents

Objective

- **Overview** and **mapping** of storage capacities and logistical infrastructure for **COP** (Cereals, Oilseeds and Protein Crops)

- Identification of possible **bottlenecks** for storage and logistics and their **impact on trade**

Scope

Geographical coverage

- EU 28 except Outermost Regions
- Geographical detail: regional level (NUTS 2 level for BE, NL, LU, DE and UK, NUTS 3 level for the other MS).
- Three MS case studies (DE, HU, RO) + case study on China.

Examination period

- Most recent available data; evolution of storage capacities for COP and development of the logistical infrastructure: 2005-2016

Products to be covered

- **Study**: cereals, the oilseed complex and protein crops (COP); "protein crops" = feed protein crops only
- **China**: **COP, Meat** (pig meat (fresh and frozen), beef and poultry) **Dairy** skimmed milk powder, whey powder, fresh milk and cream.

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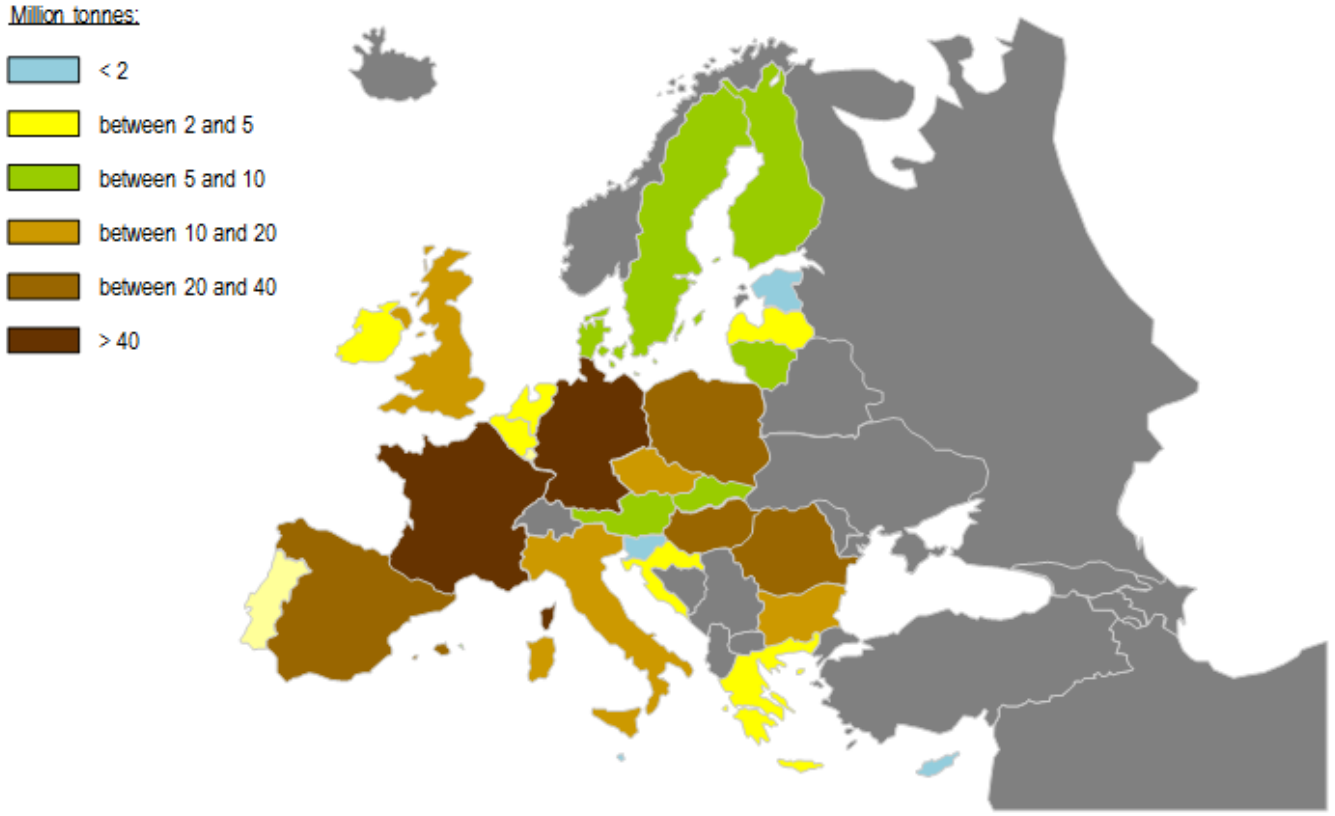
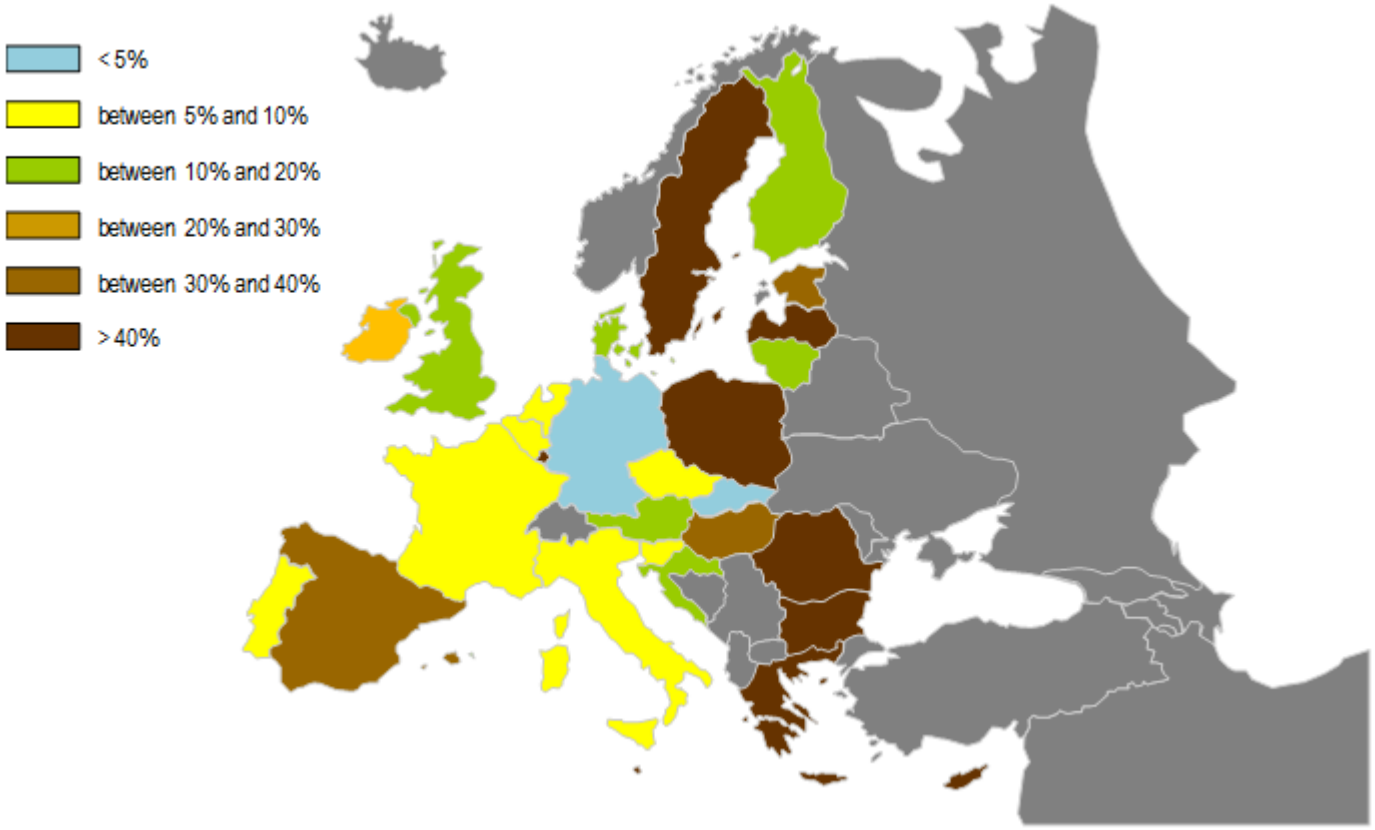
Storage: Overview and Mapping– Preview (I)

2015 national storage capacity:



Storage: Overview and Mapping– Preview (II)

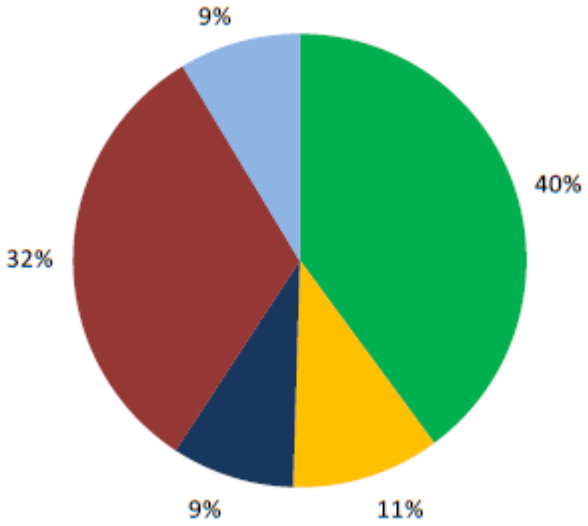
2005 -2015 Variation:



Storage: Overview and mapping – Preview (III)

Allocation:

- Transportation hub (including ports)
- Wholesale/Trade
- Processing industry
- Farming cooperative
- Individual farm



Storage: Overview and Mapping– Preview (III)

Influences on the evolution of storage capacity:

Factors specific to the functioning of COP supply chains	• Growth in COP yields and production • Increasing exports of COP • Increased volatility of prices on the EU market • Switch to just-in-time inventory management models • Need of segregation of lots of products with different quality • Plans aimed at expanding/upgrading storage capacities for COP
Factors related to the functioning of the agribusiness system as a whole	• Specific needs by large-scale, multinational and multi-commodity agribusiness companies • Public policies and support • Privatisation of former state-owned agribusiness companies (Eastern European MS)
Other factors	• Availability of non-specialised, multi-purpose storage facilities for hire at transportation hubs • External factors (e.g. building permits)

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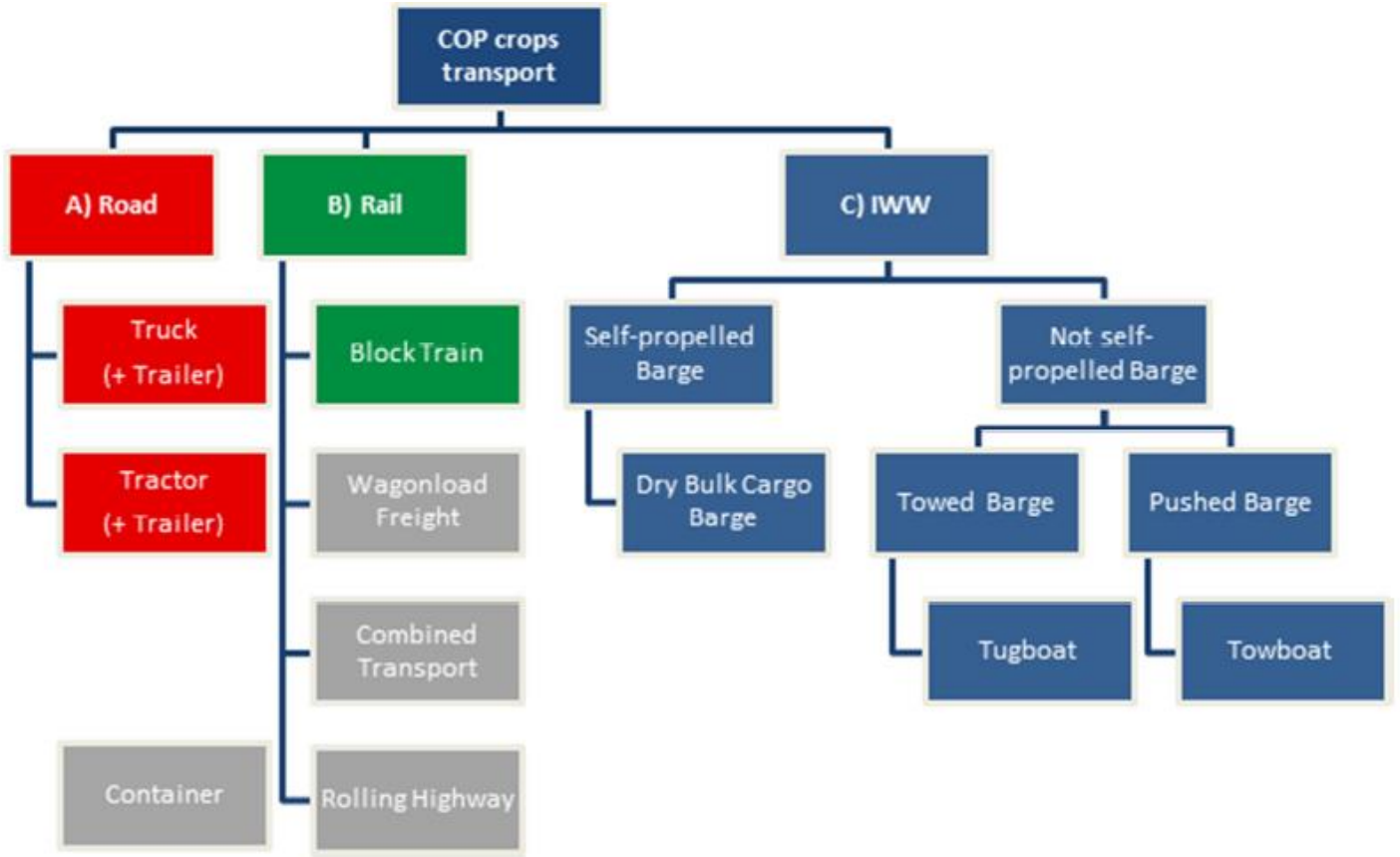
Logistics: Overview and mapping- Preview (I)

COP Transportation modes:



Logistics: Overview and mapping- Preview (II)

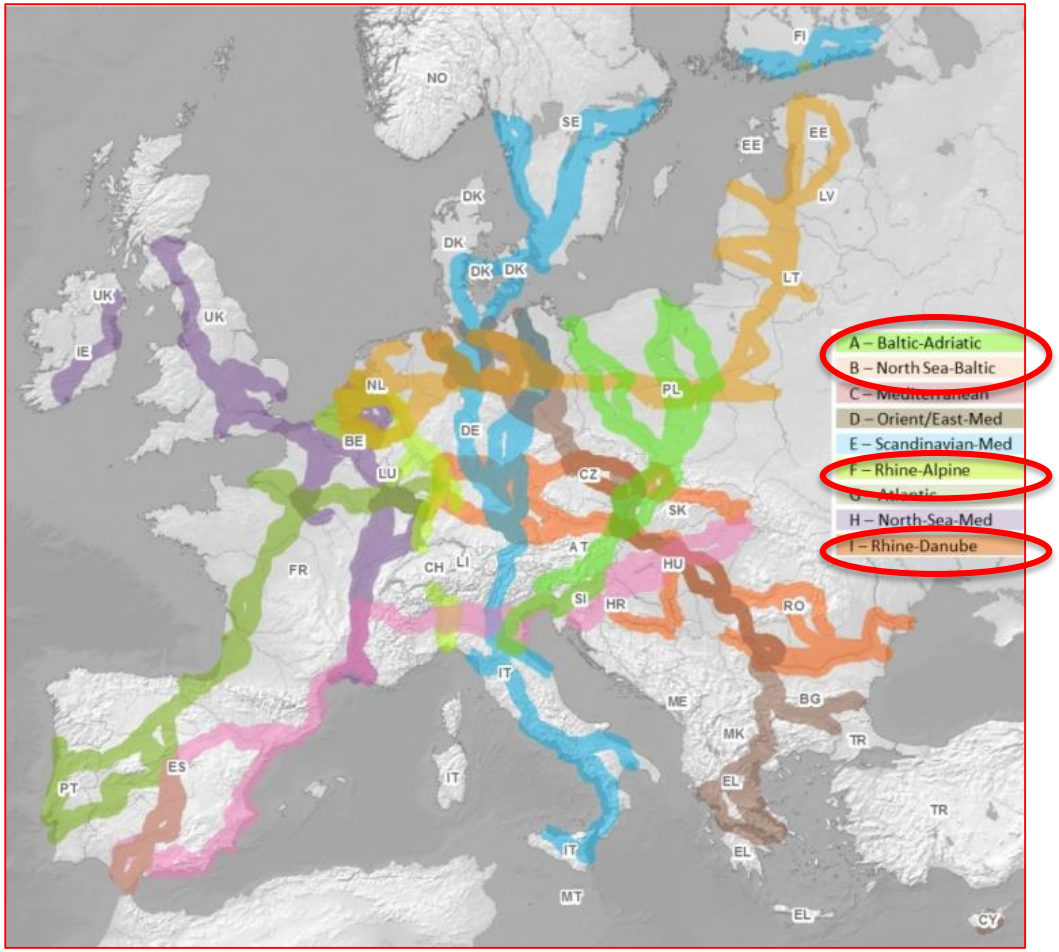
4 core corridors for long distance transportation:

A - Baltic-Adriatic
- Road: 3.617.345 km
- Rail: 4.666.961
- IWW: -

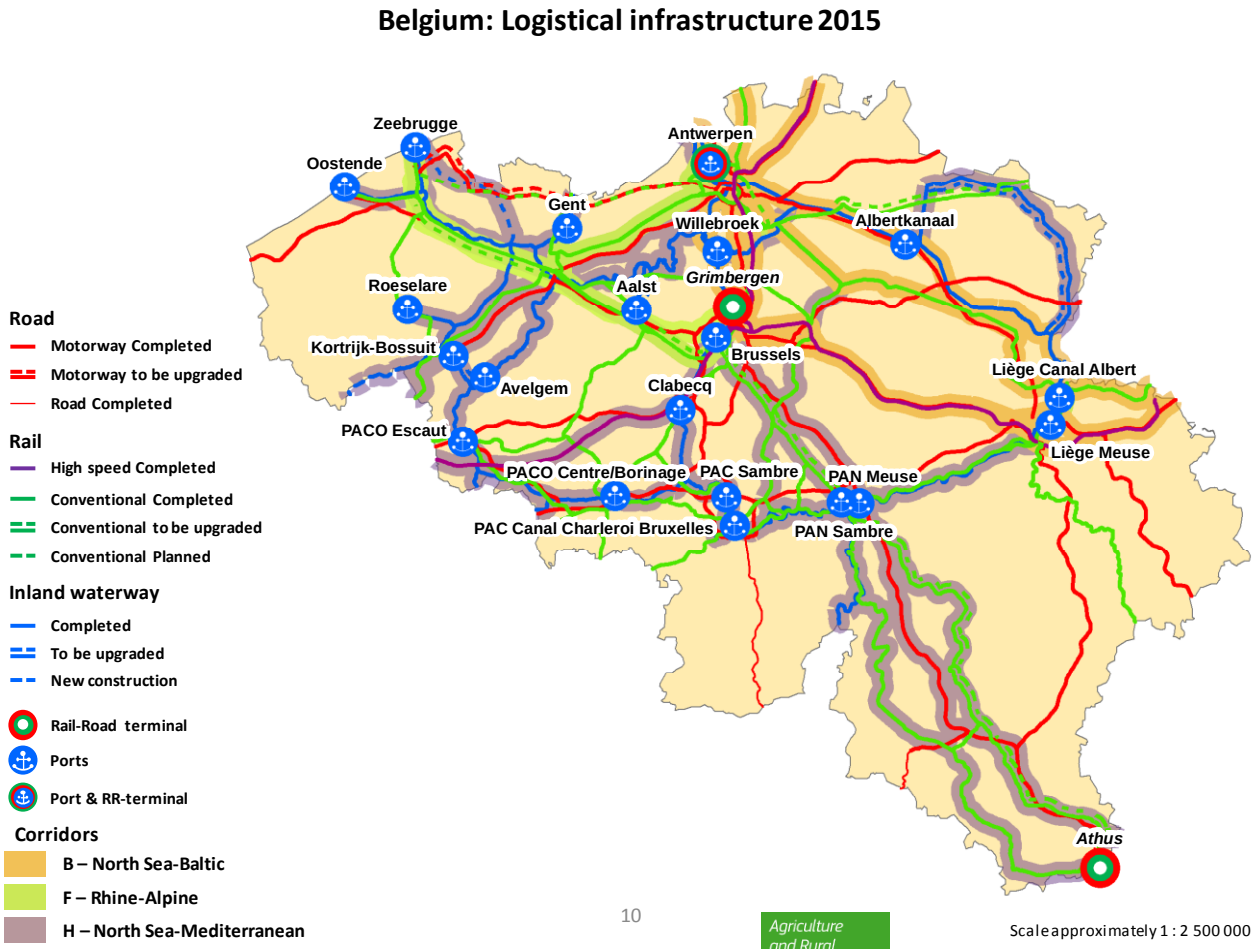
B - North Sea-Baltic
- Road: 4.058.804 km
- Rail: 6.190.236 km
- IWW: 2.088.179 km

F - Rhine-Alpine
- Road: 1.421.269 km
- Rail: 2.940.106 km
- IWW: 1.761.782 km

I - Rhine-Danube
- Road: 4.488.347 km
- Rail: 5.802.489 km
- IWW: 3.918.037 km



Logistics: Overview and mapping - Preview (III)



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Bottlenecks– Preview (I)

Storage:

- **Evolution of bottlenecks in storage capacity**: 13 Member States with improved situation and 15 Member States with worsened situation
- **Key factors** behind evolution of bottlenecks: increase of storage capacity and evolution of storage needs
- Possible **impact of bottlenecks on EU internal and external COP trade**: progress made in Eastern Europe in increasing storage capacity and in reducing shortage situations linked with growth in COP trade in the area

Bottlenecks– Preview (II)

Logistics:

- Critical bottlenecks identified in **all four core corridors** for COP transportation
- Bottlenecks on a national and regional level emerged for all the **three transportation modes**;
- Deterioration of the overall logistical performance (LPI) in some MS while significant improvements for other MS

Bottlenecks– Preview (III)

Proposed solutions:

- **Storage capacity**: proper location of the additional storage capacity
- **Solutions to bottlenecks in the core corridors**: completion of missing links; capacity increases and technological upgrade on critical segments and key hubs; enhancement of intermodality; harmonisation of technological standards
- **Opportunities for investments in logistical infrastructure**: improvement of fairway conditions of inland waterways; improvement of interoperability of railways (increased efficiency); improvement in regional transport connectivity (addressing congestion)

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Case studies (I)

Hungary:

- increasing interest to build new storage facilities
- Substantial public support (EU SAPARD program and RDPs)
- Several storage sites with state-of-the-art technology and good connections with transportation network
- Loading/unloading capacity not in line with storage capacity
- Railway boom, but often poor conditions of local road network

Romania:

- Increasing yields in all the main COP crops
- Expected increase in export volumes
- Most of the increase in storage capacity concentrated at trade level, some regions could face storage shortage

Case studies (II)

Germany:

- New investments in storage capacity can be observed at (inland) waterways / transportation hubs
- Inland waterways do not exist in all EU Member States => railway transportation might be a more widely applicable solution for long distance transportation of COP

China:

- Bottlenecks mostly for cold storage in China
- Bottlenecks for logistical infrastructure observed in the EU, in transit and in China
- Chinese investments in logistics in the EU in HU, DE, EL

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Timetable

February 2018:

Publication on EUROPA

https://ec.europa.eu/agriculture/external-studies_en

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European Commission

Thank you for your attention !

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