



The 2016 EU Agricultural Outlook conference

**Civil Dialogue Group
16 December 2016**

Outline

- 1. The EU Agricultural Outlook Conference in pictures**
- 2. Main market results and implications for income and the environment**

EU Outlook conference: strong political message



EU Outlook conference: he was there!



EU Outlook conference: so were they!



EU agriculture and climate change post Paris agreement



- The "winter package": increasing EU ambition



- The role of mitigation technology in agriculture

EU agriculture and climate change post Paris agreement Solutions at farm level



- Reducing GHG emissions and improving efficiency: win-win



- Conservation agriculture: part of the solution

Sustainable Agriculture in a resource constrained world



- The environmental challenge of EU agriculture

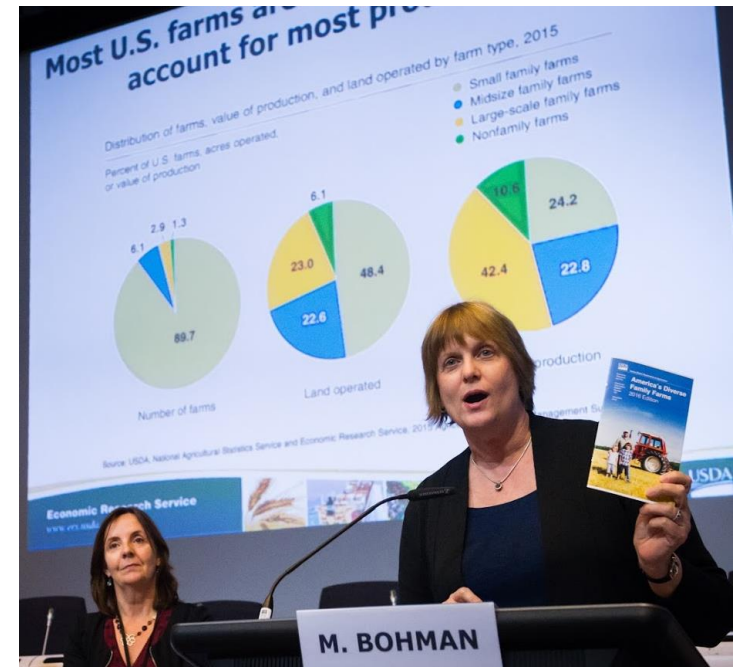


Sustainable Agriculture in a resource constrained world



Addressing the sustainability challenge: listening to the advice of academia, international organisations and research institutes

Structural change: state of play



Understanding what drives structural change in agriculture in the EU and the experience of the US

Structural change: from *jobs OR growth* to *jobs AND growth*?



Access to credit in agriculture, adding value and the role of technology

Summary of day 1

**Summarizing a
long and
successful day!**



Day two: outlook for agricultural income the role of risk management



Day two

market sessions



- Presenting the outlook for cereals, oilseeds, biofuels, sugar and, for the first time, for olive oil, wine and selected fruit and vegetables.
- Hearing the views of top market experts

Day two



market sessions



- Dairy markets after the turmoil. What will the future bring?

- "dulcis in fundo": prospects for EU meat markets



Main market results



Main cereals more dominant in area, but yield growth low
Increase of production and use of main cereals mainly driven by feed use
Meals more important in oilseed complex



World dairy demand to expand, especially in Africa and Asia
The EU to become first world exporter, just in front of NZ
A moderate production increase in the EU



Stable meat consumption in the EU but growing world demand by 2026
EU meat production to grow moderately
88-95% of EU meat production goes to domestic consumers

Main market results



World sugar market deficit resulting in higher prices
EU to increase production after quota expiry in 2017
Competition from isoglucose and lower biofuels use



Most of EU biofuels demand remains policy driven
EU still a biodiesel market but ethanol shows some increase
Recent policy proposal for after 2020 compatible with outlook



Wine, olive oil, fruit and vegetables: important sectors but diversity of situations
Relative stagnation/decline of domestic consumption but exports keep growing. Adding value is key.

Impact on agricultural income



- Real income per farmer to maintain or slightly increase
- The expected increase in production offset by increasing value of production
- Income rose faster in the EU-N13 than in the EU-15.



- Real income for the overall sector to decline
- Income not projected to follow a steady pattern
- Prospects for EU-N13 less positive and income gap with EU-15 remains substantial

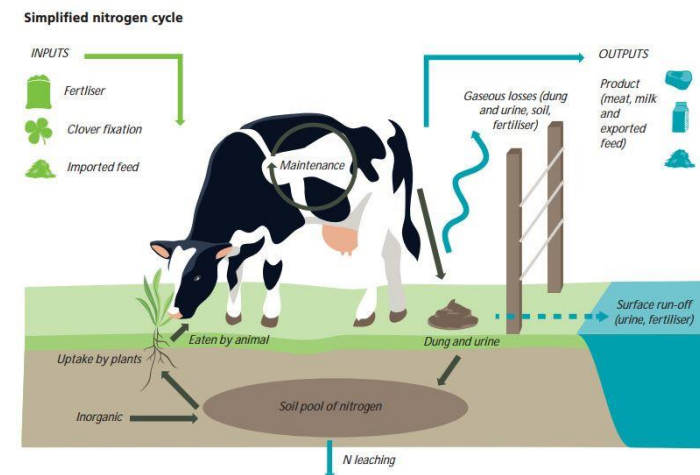
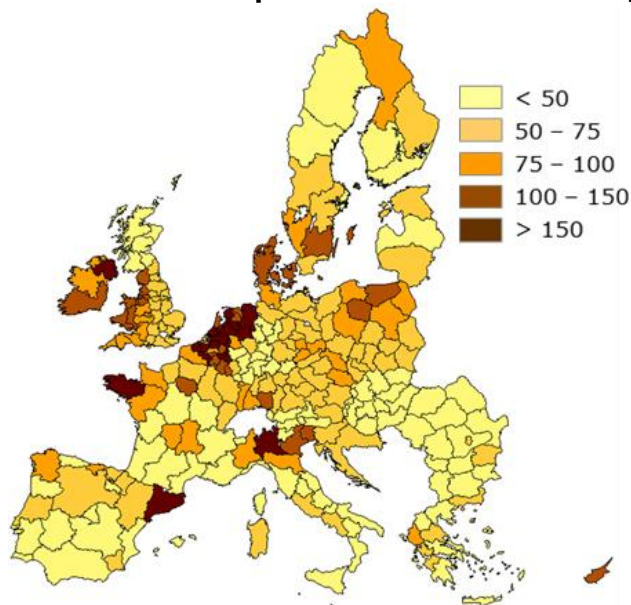
Environmental aspects

- For the first time try to translate market outlook into environmental indicators related to

Emissions:

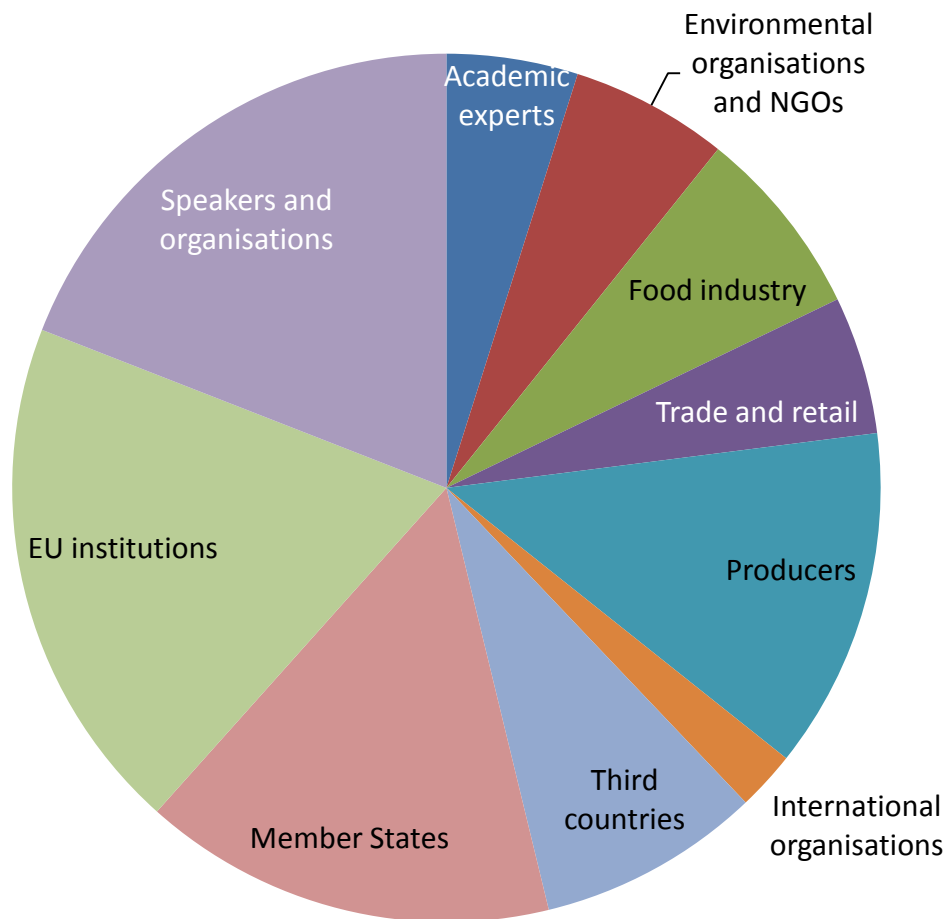
- greenhouse gas (-1% for GHG):
- and air pollutants (-7% for ammonia)

Nutrient surplus: Stability at EU level, but N surplus in some regions



- Around 630 registered participants
- More than 500 persons attended
- Over 2000 followed the live webstreaming

Who attended?



Reports and data available at:

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

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

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

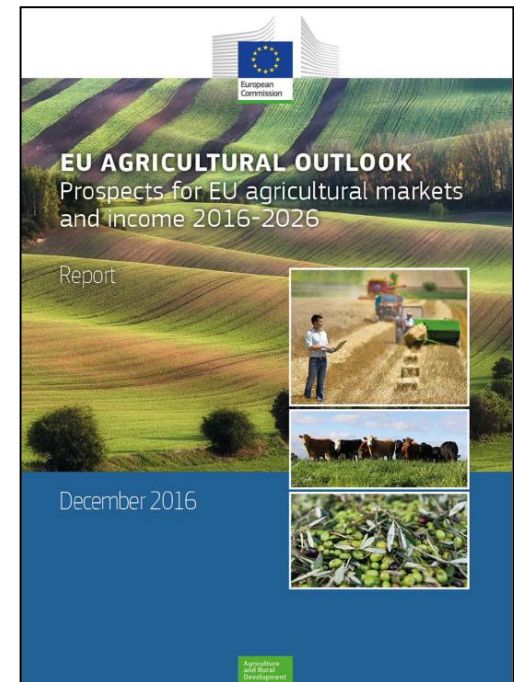
http://ec.europa.eu/agriculture/trade-analysis/index_en.htm

Thank you for your attention!

Annex

What is the EU Agricultural Outlook?

- 10-year projections of agricultural markets and income, with focus on the EU
- Not as a forecast of what the future will be, but a description of what may happen under a specific set of assumptions, which at the time of making the projections were judged plausible
- Main commodities covered (grains, meats, dairy, biofuels, sugar)
- Results in terms of supply balance sheets (production, consumption, imports, exports, stocks) and prices



How is the EU Agricultural Outlook done?

Starting point: OECD-FAO Outlook

(model, baseline 2016-2025)

Incorporation
of
Short-Term
Outlook

Update of
macroeconomic &
policy assumptions

New model
developments

Baseline week

Discussions between AGRI / JRC modellers
and AGRI market experts and hierarchy;
iterative process to obtain a preliminary
outlook

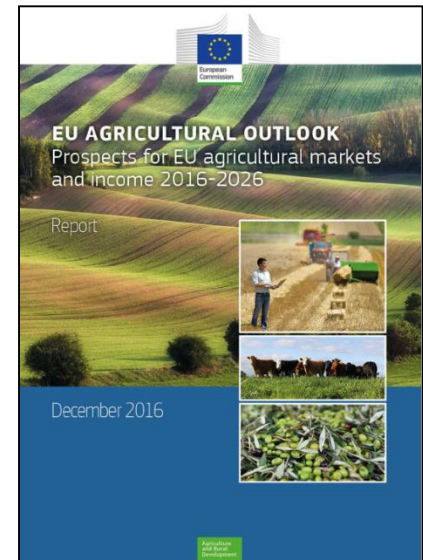
Preliminary Outlook & uncertainty assessment
presented and discussed at
JRC/DG AGRI Outlook workshop

**Final EU Agricultural Outlook
Publication & DG AGRI Outlook Conference**



Why doing an EU Agricultural Outlook?

- To better understand markets and their dynamics
- To identify key issues for market and policy developments
- To have a benchmark for assessing the medium-term impact of future market and policy issues



How to address uncertainty in agricultural commodity markets outlook?

- **Partial Stochastic Analysis:** yield and macroeconomic uncertainties taken into account → implemented by JRC, DG AGRI, OECD, FAO

Possible price paths for soft wheat in the EU (€/t)

