



Short-term outlook

for EU agricultural markets

in 2018 and 2019

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This report presents the outlook for 2018-2019 for arable crops and meat and dairy markets in the EU. It is the result of analysis by market experts in the European Commission's Directorate-General for Agriculture and Rural Development. It is based on data available up to 15 March. The next issue is due in summer 2018.

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[http://ec.europa.eu/agriculture/
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prices/index_en.htm](http://ec.europa.eu/agriculture/markets-and-prices/index_en.htm)

HIGHLIGHTS

- ❖ 2017/2018 EU cereal harvest above average; ample global availabilities
- ❖ Higher production boosts EU sugar exports
- ❖ Increase in EU milk collection expected to weigh on the market
- ❖ Small pig and poultry meat production recovery in 2018
- ❖ EU beef production resumes declining trend

2017/2018 EU cereal production recovered compared to the previous harvest. A slight upward movement of world and EU prices is due to a continuous increase of demand for feed and industrial uses. EU oilseed availability is expected to increase, led by rapeseed production.

In its first year without quotas, EU sugar production is at a high, and is expected to remain at this level in 2018/2019 despite low world and EU prices. Additional production is directed to exports as new destinations emerge.

The olive oil production recovered in 2017/2018, but EU producer prices remained relatively high until recently.

Milk collection grew significantly in the second half of 2017, driven by the milk price recovery. However, a sustained demand for dairy products might not be enough to keep market balance.

Beef production may resume its long-term downward trend in 2018, but exports could stabilise at record level (though representing only 6 % of production). Sheepmeat production and exports are expected to stabilise in 2018. An increasing breeding herd should drive up pigmeat production. In 2018, the poultry sector is expected to recover from the bird flu which affected both production and trade in 2017.

Note: This report has been drawn up for the EU-28 under constant policy assumptions, with the Russian import ban assumed to be in place until the end of 2018.

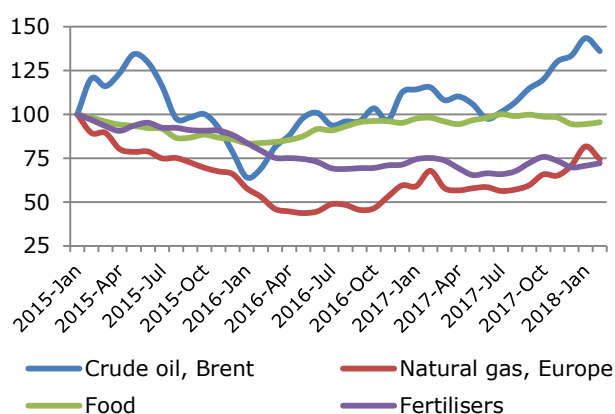
1. MACRO-ECONOMIC OUTLOOK¹

Higher energy prices in 2018

Since winter 2016, the Brent crude oil price moved upwards from its low level around USD 30/barrel in January 2016 to USD 70/barrel in March 2018. The price increase was particularly strong between July 2017 and January 2018 and the oil price is now back to its level of the last quarter of 2014. The recovery in economic growth at world level created a solid underlying demand for oil. The agreement on limiting production levels by OPEC were respected by its members. In addition, due to the crisis in Venezuela the crude oil production declined strongly during 2017. The price increase since the summer 2017 has triggered investments in the US shale oil production and higher production levels are foreseen during 2018-2019. Despite production restrictions in force by OPEC, stocks are expected to resume which might moderate price increases. The IHS-Markit forecast for the average Brent crude oil price for 2018 was adjusted upwards to USD 63/barrel.

The price for natural gas delivered in Europe, like the crude oil price, increased considerably during 2017. The increase was particularly strong (+45 %) from July 2017 to January 2018. The price spike at the end of 2017 and in the beginning of 2018 is caused by a tighter market due to higher demand, cold weather globally and supply difficulties in Europe (temporary break down of distribution networks). With a normalisation of distribution capacity and lower demand due to warmer weather arriving prices are expected to at least stabilise.

Graph 1 Price indices of food, fertiliser and energy (January 2015 = 100)



Source: DG Agriculture and Rural Development, based on World Bank (crude oil, natural gas, fertilisers) and FAO (food)

The World Bank composed fertiliser index fell (-14 %) between January 2016 and December 2017. During the last two quarters of 2017 the price of, in

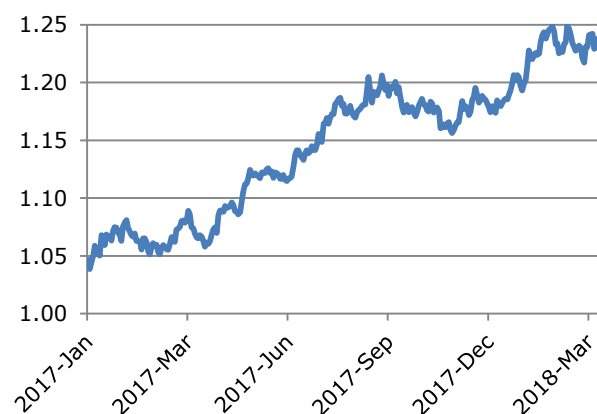
particular, nitrogen-based fertiliser followed the upwards price trend of natural gas.

After a significant increase during 2016 the Food and Agriculture Organization (FAO) food price index remained stable during the first half of 2017. Since summer 2017, the index dropped slightly mainly driven by lower dairy products and sugar prices.

A continuation of World economic recovery in 2018-2019

The world economic recovery is expected to continue during 2018 with a growth forecast at 3.4 %, slightly above the level of 2017. The growth is expected to slightly decrease in 2019. Important decisions related to international trade (i.e. tariffs on import of steel and aluminium and possible retaliation measures) between the US and China add uncertainty to economic growth and trade development. The remaining uncertainty on the future economic relation between the UK and the EU after Brexit is expected to continue to have a negative impact on growth. Due to the strong German economy and a continuation of the recovery in the Mediterranean area the growth in the EU is expected to remain solid at 2.4 % in 2018, but at slightly lower levels in 2019. Due to higher energy prices, the recovery of the Russian economy is expected to continue in 2018-2019. China and India are expected to continue to grow significantly although at slower pace than a decade ago (IHS-Markit).

Graph 2 Exchange rate USD/EUR



Source: DG Agriculture and Rural Development, based on Eurostat

A continued depreciation of the dollar second half of 2017 and beginning of 2018

The weakening of the US dollar against the euro has continued since summer 2017 from levels slightly below 1.15 USD/EUR to levels around 1.24 USD/EUR (26 March 2018). A faster upwards adjustment of the US federal funds rate would support an appreciation of the US dollar. IHS-Markit forecasts an average exchange rate for 2018 at USD/EUR 1.21. The high level of uncertainty regarding the exchange rate between US dollar and other currencies remains.

¹ Based on European Economic Forecasts (November 2017), IHS Markit (cut-off date 16 March 2018), FAO World Food Price Index and the World Bank (Commodity Markets Outlook and Global Economic Outlook).

2. ARABLE CROPS

CEREALS

Market developments in the EU

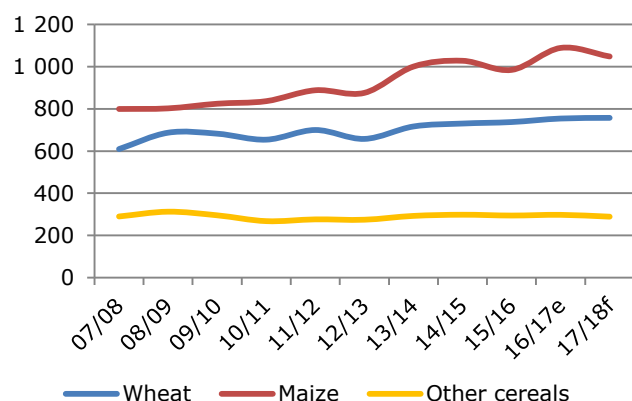
	2017/2018	2018/2019
Production	▲	▶◀
Exports	▼	▲
Imports	▲	▼
Consumption	▲	▶◀

▲ up ▼ down ▶◀equal (compared to previous season)

Slight decrease of global cereal harvest in 2017/2018

Global 2017/2018 harvest was below the record level of 2016/2017. Still, world grain production (excluding rice) remains at a high level (and above the 5-year average) at 2 092 million t according to the International Grain Council (IGC). This decrease is mainly coming from a decline in maize and barley production across the globe, while wheat output went up. Demand for wheat and barley remains stable whereas maize is increasingly demanded.

Graph 3 World cereal production (million t)

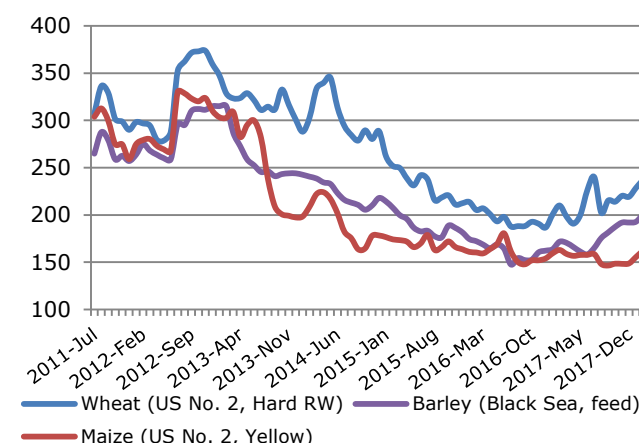


Source: DG Agriculture and Rural Development, based on IGC (22.03.2018)

World wheat production is projected to reach an all-time record at 758 million t according to IGC. This is based on high output forecast in Russia (+17 % compared to 2016/2017) and in India (+13 million t) as well as in the EU (see below). The wheat harvest in December 2017 in Argentina is also largely above trend, and is expected 50 % above previous campaign.

Global maize production is expected to decrease slightly in 2017/2018, with at least 10 % drop in Brazil and Ukraine. According to IGC, total world production should reach 1 045 million t. Still, availabilities are large thanks to last year's record level (that weighed on prices) and given that consumption is increasing, trade is expected to grow.

Graph 4 World cereal prices (USD/t)



Source: DG Agriculture and Rural Development, based on FAO-GIEWS

Despite the ample supply of wheat and barley on the world market, prices were recently on the rise while maize prices remained at a relatively low level. On the production side, weather shocks, particularly in the US, Argentina and Brazil, had an upward impact on prices. On the demand side, the use of cereals' starch in the industry is expected to strengthen, particularly in China. Furthermore, the increased wheat demand from Indonesia may result in a slight strengthening of prices. However, price increases should be limited in the context of abundant supplies.

Comfortable EU cereal harvest in 2017/2018

The 2017 EU cereal harvest reached a relatively good level, at 307 million t. This is close to 2 % above the last 5-year average², and 10 million t (+3.3 %) above previous harvest.

Hot and dry conditions in spring and early summer in western Europe, particularly in France, west Germany and Spain, impacted winter and spring cereals production in these regions. The summer was characterised by intense heatwaves in south-eastern Europe (Romania, Hungary and Bulgaria), and droughts in Italy and the Iberian Peninsula. Nevertheless, the rainfalls which occurred in late summer were beneficial for summer crop yields but hindered the harvest in some regions in northern Europe (Germany, Baltic countries).

² The five-year average is an Olympic average in this text (average of the last five years after removing the minimum and maximum values).

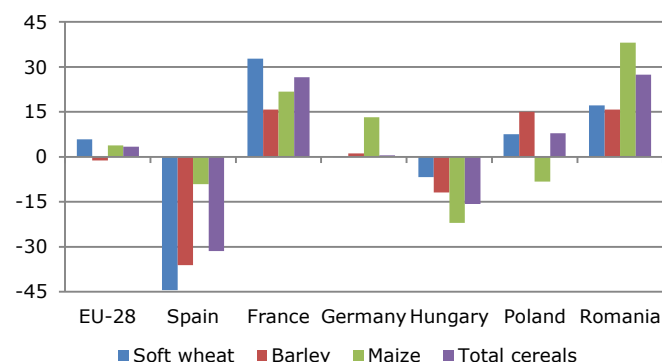
In 2017/2018, EU usable production of wheat reached 141.6 million t, corresponding to an increase of 1.7 % compared to the last 5-year average. Still, this was heterogeneous across the EU. The increase took place mainly in the EU-15 (+8 %) thanks to increasing yields after a difficult previous campaign. In the EU-N13, the yield increase was more modest (+2 %) and the drop in area limited the increase of production.

The EU durum wheat output decreased compared to last years' ample harvests but remained at the high level of 9.3 million t, 13 % above the last 5-year average.

The total EU barley harvest slightly decreased and stands now at 59 million t, 2 % below the 5-year average. This is mainly due to a drop in production in Spain due to dry conditions. Germany's output remained stable at 11 million t, while France's increased to 12 million t. Across the EU, there was a decrease of spring barley's output due to low yields while winter barley yields increased.

The EU maize harvest increased for the second year in a row, after a significant drop in 2015/2016. It reached 65 million t, 4 % above the last 5-year average. France recorded the highest increase, to 14.5 million t. In the EU-N13, maize harvest remained stable but the situation varies across countries. Latest figures for maize output in Romania reported an all-time record of 14.8 million t.

Graph 5 Change in cereal production, 2017/2018 relative to the last 5-year average (%)



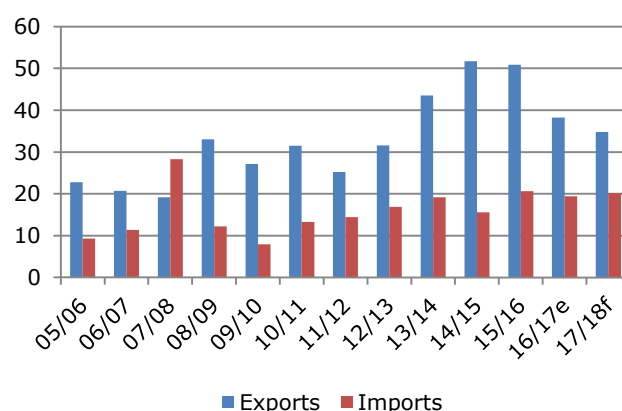
Source: DG Agriculture and Rural Development

As regards other cereals, rye harvest slightly increased but is still 12 % below the 5-year average, reaching 7.3 million t. Triticale production is on a declining trend for the third year in a row (now at 11.3 million t). By contrast, oats output keeps on increasing, reaching 8.2 million t (4.5 % above the 5-year average), mainly in the EU-N13 but also thanks to a bumper harvest in France.

Despite good EU harvest, exports decline and imports stabilise

EU cereal exports in 2017/2018 are on a declining trend for the third year in a row and expected at 33.8 million t. This drop is largely due to a high decrease in EU wheat exports compared to previous years. They are expected 16 % below last campaign's exports, which were not particularly high. Besides, EU wheat exporters are facing a fierce competition from Russian and Argentinian wheat, which are exporting to Egypt and Morocco, thanks to high supplies and favourable exchange rates. Increased demand in Pacific Asia is also benefitting Russia and Argentina thanks to competitive prices.

Graph 6 EU cereal trade (million t)



Source: DG Agriculture and Rural Development, based on Comext

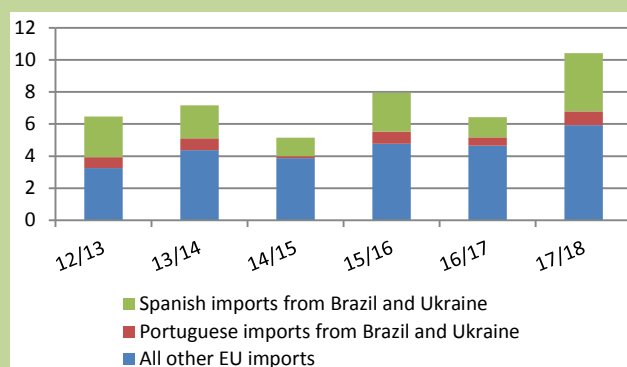
Due to a slight decline in barley production, EU exports are expected to decrease as well to 8 million t (7 % below previous campaign). The continuous strong feed import demand from China and Saudi Arabia, as well as from Iran could be mainly fulfilled by Russia and Argentina, which both increased their production.

EU cereal imports are expected to slightly increase in 2017/2018 to around 20.7 million t. Soft wheat imports are lower in a context of ample supplies. By contrast, maize imports follow an upper trend and surged during the first half of the marketing year (from July to January, 16 % above the 5-year average), originating particularly from Brazil and Ukraine (see box). These imports together with the ample EU supply are mainly targeted to meet feed demand, especially for pig, poultry and dairy cows. Following the end of the isoglucose quotas in autumn 2017, the use of starch could also slightly increase towards the end of the marketing year.

Human consumption represents 23 % of the total cereal use in the EU, mainly driven by soft and durum wheat (85 % of cereal food use) and to a lesser extent maize. Cereals in the EU are mainly used for feed, which represents more than 60 % of total use.

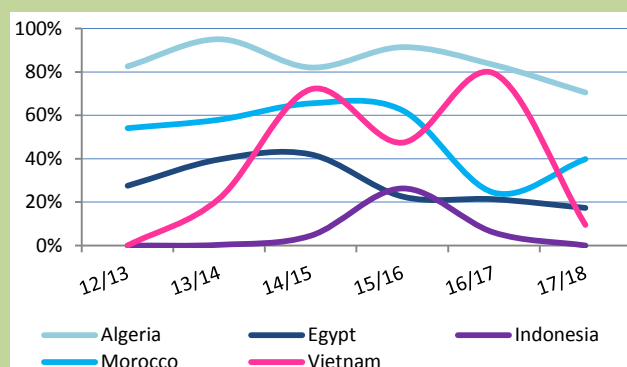
Box: EU trade for wheat and maize

Global maize trade significantly increased in the current marketing year, and more specifically towards the EU. The EU is a net importer of maize, mainly coming from Ukraine, Brazil and Canada. Since July 2017, the EU (especially Spain and Portugal) imported significant volumes of maize. While Ukraine will probably remain the first EU supplier, imports from Brazil were the most dynamic at the beginning of the marketing year. To January, Spanish maize imports from Brazil were multiplied by 10 compared to last year. This is partly due to the decline of cereal production in Spain (-30 %) combined with the strengthened feed needs and potential increase of starch use in the EU. Should this trend be maintained for the rest of the marketing year, the EU might become the first maize importer in the world.

Graph 7 EU maize imports – July-Jan (billion t)

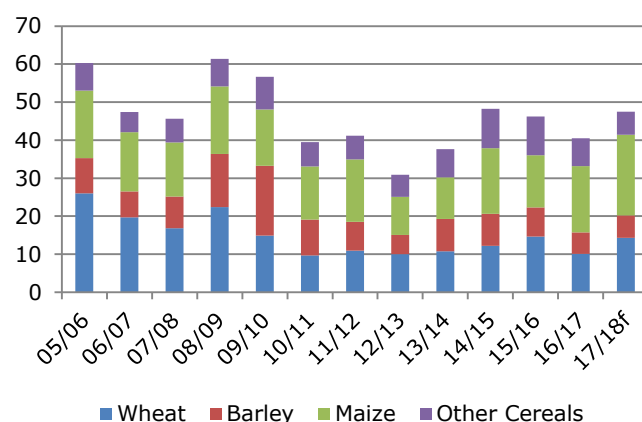
Source: DG Agriculture and Rural Development, based on Eurostat

EU wheat is mostly exported to near east Asia as well as Africa (both north and sub-Saharan). Since the beginning of the marketing year, EU soft wheat exports declined by almost 30 % compared to the last 5-year average at the same time of the season. Major exporting countries, such as Argentina and Russia, are increasingly exporting their wheat to Africa, thanks to competitive prices. Trans-Pacific trade has also strengthened, with American and Canadian wheat reaching markets in Asia.

Graph 8 Share of EU wheat exports vis-à-vis major competitors in main importing countries - July-Dec

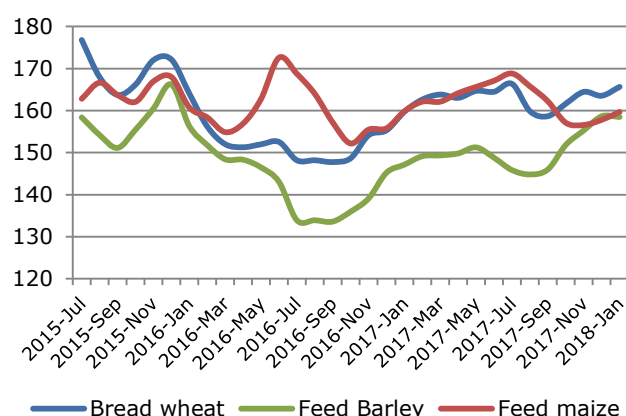
Source: DG Agriculture and Rural Development, based on GTA
Note: Main EU competitors are Argentina, Canada, Russia and the US

This situation would result in an increase of the cereal ending stocks in the EU to almost 50 million t.

Graph 9 EU total cereal stocks at the end of marketing year (million t)

Source: DG Agriculture and Rural Development

EU cereal prices were rather low and stable in the past year thanks to the ample supply across the EU and worldwide. Nevertheless, a slight upward trend is ongoing since the end of 2016 calendar year, although with a dip in summer 2017. In January, feed barley price increased by 8 % in the EU compared to last year, due to a slight decrease in production for two years in a row and a strengthening of international demand. This also stems from increasing world grain prices, especially for soft wheat (+14 % compared to last year) and barley (+18 %).

Graph 10 EU cereal domestic prices (EUR/t)

Source: DG Agriculture and Rural Development

Stable harvest prospects so far for 2018/2019 despite a slight decline in area

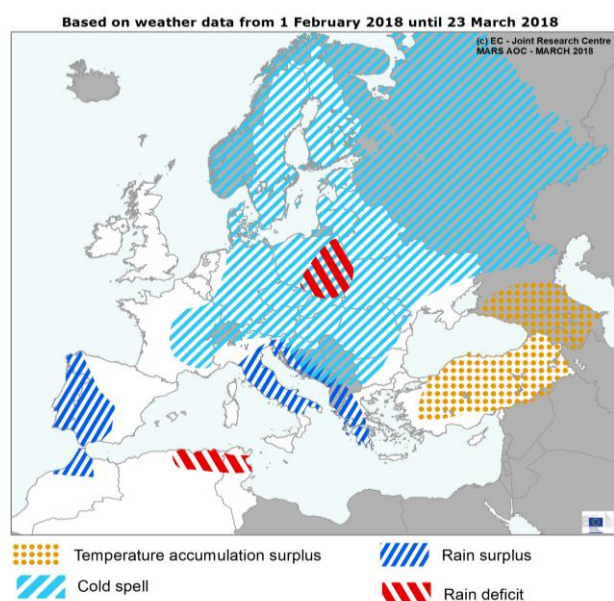
First estimates of sowing areas of winter cereals show a small decline over the winter 2017. Winter wheat and barley planting area declined by over 2 % compared to last year, to reach respectively 21.3 and 5.1 million ha. This decrease was driven by wet sowing conditions in northern EU. Durum wheat, rye and triticale area also slightly declined. With the

relatively low level of winter crop area sown, a revival of spring and summer crops as maize and spring barley could happen. Total areas sown with cereals are estimated to reach 54.8 million ha in the EU, a 1.3 % drop compared to 2017/2018.

Wetter than usual conditions hindered the sowings in northern Europe during fall; and winter weather was characterized by a very mild beginning, which delayed quite significantly the hardening of winter wheat. This concerned particularly the surroundings of the Black Sea, all the way up to Hungary, where all-time warm temperatures were recorded. However, this did not significantly affect the development of the plants.

The cold spell end of February and beginning of March is expected to result in moderate damage in eastern Germany and western Poland where recurrent frost events occurred on a shallow snow cover. Finally, rainfalls in Spain, south Italy and south France allowed reducing the risk of droughts in these regions (see March JRC bulletin 26(2)).

Map 1 Areas of concern for crops in February-March



Source: Mars-Bulletin Crop Monitoring in Europe 26(2)
<http://mars.jrc.ec.europa.eu/mars/Bulletins-Publications>

Given these assumptions for planted areas and in the absence of major climatic disruption, i.e. with yields following historical trends, total EU cereal production could reach 305 million t in 2018/2019. This would be 0.9 % below the last 5-year average.

OILSEEDS

Market developments in the EU

	2017/2018	2018/2019
Production	▲	►◄
Exports	▼	▲
Imports	▼	▼
Consumption	▲	▼

▲ up ▼down ►◄equal (compared to previous season)

Second year of high global oilseed supply in 2017/2018

As in the case of cereals, global oilseed availability (and demand) remain at a high level in 2017/2018, despite a slight output decrease compared to 2016/2017 and thanks to a record level of opening stocks at 46 million t (+38 % compared to previous year) according to IGC.

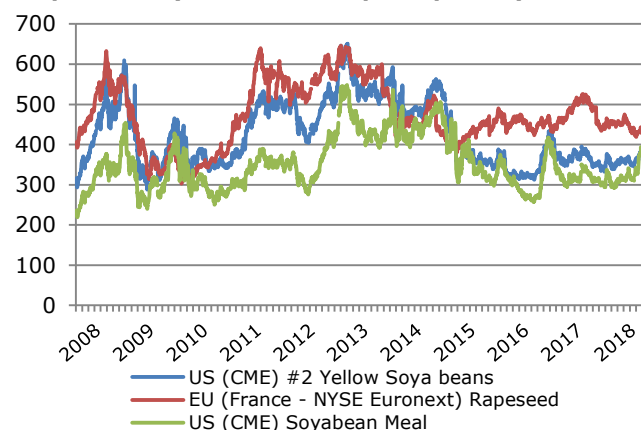
Global soya bean production should remain at high level in 2017/2018, reaching 347 million t. Still, weather impacts in Brazil and Argentina are affecting soya bean plant development with respectively wet conditions during harvest and a lack of rain at blooming stage. In Brazil, this should not cause any fall of production but could impact the quality of the beans. In Argentina, a significant drop in production is expected. Nevertheless, the drop of Argentina's soya beans production could have a limited effect on the strengthening of the prices as Brazil is expected to have a second high-record year of production. According to IGC, the US also reached a new production-high which will sustain major exporters' reserves at almost 50 % of the global reserve.

As regards rapeseed, global production should approach an all-time peak at 74.5 million t according to IGC. Increasing planting areas and, to a lesser extent, upward yield development both in the EU and Canada led to a bumper harvest. Ukraine is also expected to increase its rapeseed production compared to previous year low level. Consequently, global trade and overall use for crushing are expected to strengthen, but at a slow pace due to the competition with abundant soya bean supply.

With regards to trade, soya bean is expected to be largely exported to China and South-East Asia to be mainly used for feed purposes. The shortening of soya bean production in Argentina, as well as the decrease of their soya meal exports are boosting future prices at the Chicago Board of Trade. On the physical

market, prices of soya beans and soya meals are rising, as well as for rape meals to a lesser extent.

Graph 11 Daily world oilseed price (USD/t)



Source: DG Agriculture and Rural Development, based on FAO-GIEWS

Rising EU oilseed production in 2017/2018

The EU 2017/2018 oilseed production reached 35 million t, a level approaching the record level of 2014/2015, which is 11 % above the 5-year average. This increase in production took place for all the three main oilseeds (rapeseed, sunflower and soya bean).

EU rapeseed production in 2017/2018 reached 21.8 million t (+9 % compared to previous year), mainly due to high yields in France and the UK, close to their respective all-time record, despite dry conditions during spring. A significant increase of planted areas in Romania and Poland also led to a higher EU production. Nevertheless, cold conditions in Germany and the Czech Republic largely hampered the flowering stage and significantly affected yields.

Sunflower production in the EU reached an all-time peak of 10.3 million t (20 % above the 5-year average), largely due to a strong increase in yields in France and Romania. Both registered the highest yields ever recorded (above 2.7 t/ha), despite the dry conditions during summer. Increase of areas in Hungary, as well as in France and Romania also drove the rise.

EU soya bean production is expected to set a new record level at 2.8 million t, increasing for the fifth year in a row, with highest increases recorded in France, Italy and Romania. Planted areas increased by 55 % across the EU compared to the 5-year average also thanks to a positive policy environment, through Voluntary Coupled Support in various Member States, as well as the inclusion of soya beans in EFA³ as N-fixing crop.

EU imports of soya beans are expected to slightly decrease compared to previous year to the benefit of

rape and soya meals. For rapeseed, the large availability in the EU and the relatively lower crush margins compared to soya beans could hinder the development of EU imports. In terms of vegetable oils, imports of palm oil increased since the beginning of the marketing year. These are thus expected to approach the all-time record of 2015/2016. According to Oilworld (March 2018), this could be driven by increasing use of palm oil waste as feedstock for biodiesel.

Oilseed production stabilising in 2018/2019

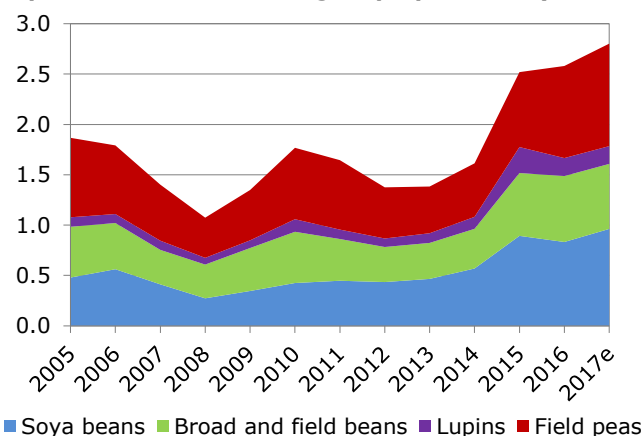
First estimates of winter rapeseed plantings, together with forecasts for spring rape areas, show a slight increase in total rapeseed areas sown — 6.8 million ha (1 % above last year). Winter rape planting areas are heterogeneous at Member States' level. Indeed, a 10 % decrease in Denmark, Ireland and Latvia is expected as well as in Poland (-8 %) and Germany (-3 %). Still, areas in France and Romania are on the rise with a 6 and 9 % increase, respectively. Frost damage, during the cold spell in February/March occurred locally in Hungary and Romania. Minor damage is expected in other parts of the EU at this early stage of the season. If no major weather events disturb plant development, overall rapeseed production in the EU should be above 22 million t in 2018/2019, 3 % above the 5-year average.

PROTEIN CROPS

Production of protein crops set for a new record high in 2017/2018

In 2017/2018, the EU production of field peas and broad beans, 2.7 and 1.9 million t respectively, is well above the last 5-year average by 72 % and 38 % respectively. Field pea production increased particularly in France and Lithuania, as well as in Germany, Latvia, Bulgaria and the Czech Republic. For what concerns broad beans, the UK, Germany and Latvia recorded new record harvests as well as Denmark and Ireland.

Graph 12 EU area of N-fixing crops (million ha)




Source: DG Agriculture and Rural Development

³ Ecological Focus Areas

SUGAR

Market developments in the EU

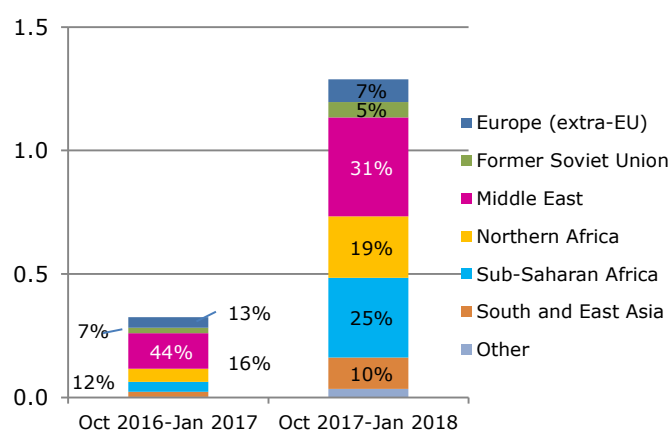
	2017/2018	2018/2019
 Production	▲	▼
Exports	▲	▲
Imports	▼	►◄
Consumption	▲	▼

▲ up ▼ down ►◄ equal (compared to previous season)

EU production and exports soar with end of sugar quotas

Boosted by the end of sugar production quotas, a favourable price environment and above-average yields, EU white sugar production in 2017/2018 is estimated at 21 million t, 23 % above the average of previous years, with increased availability boosting EU exports. Exports over the first four months of the marketing year reached almost 1.3 million t, which is as much as the average annual EU exports over the last years. In particular exports towards sub-Saharan African and south and east Asian countries surged, like Mauritania and Sri Lanka, and new export destinations emerged, like Chile and Haiti.

Graph 13 EU white sugar exports by export destinations (million t)



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

Hence EU exports are expected to reach 3.2 million t in 2017/2018, while imports could be 50 % below the previous year, at 1.2 million t. Stocks are expected to increase slightly to 2.2 million t.

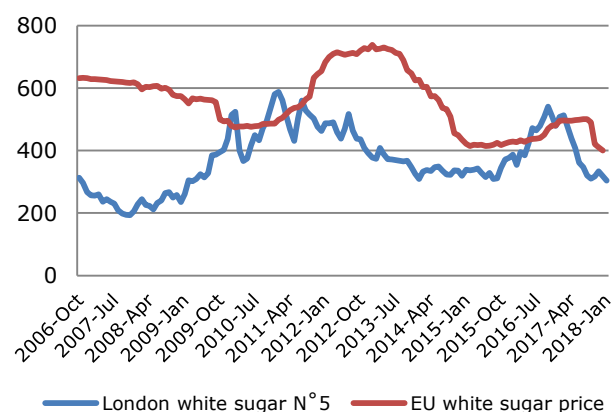
The favourable weather for beet and cane production all over the globe led to higher production levels in most sugar producing countries. With 4 % additional

sugar production - about 8 million t - on the world market compared to 2016/2017, and after two years of deficit, the world surplus for 2017/2018 is estimated around 5 million t.

Rapid drop in EU sugar prices

While world prices started decreasing early 2017, EU white sugar prices remained stable most of 2017, around EUR 500/t, but in the autumn 2017, EU sugar prices experienced a rapid drop, reaching EUR 400/t in December 2017, still EUR 80/t above world prices. This drop is partly explained by the higher sugar availability but also by the increased world market orientation of EU sugar market. Prices are hence expected to align more closely on world prices.

Graph 14 World and EU white sugar prices (USD/t)



Source: DG Agriculture and Rural Development, based on the London Exchange and the European Central Bank

With low EU prices in 2017/2018, inward processing⁴ of sugar is expected to decline, resulting in higher quantities of exported processed products and increased sugar consumption.

Slightly lower sugar production in 2018/2019

EU sugar beet growers started planting for the 2018/2019 marketing year. Falling sugar prices and low but recovering market prices for maize and barley could bring farmers to favour other crops over sugar beet. However, since many sugar beet producers work under 2-3 year contracts the switch to other crops should be limited and sugar beet area is forecast at only 1 % below the current marketing year. Based on the yield trend and average sugar content, sugar beet production could be slightly lower and white sugar production forecast is set at 20.4 million t, 3 % below 2017/2018 sugar production. The world sugar market is expected to remain in surplus in 2018/2019, although with indications of slightly lower production levels compared to 2017/2018, leading to a surplus forecast of 2 million t. In consequence, world and EU sugar prices could remain at their current low levels.

⁴ Sugar imported into the EU to be processed into products exported to non-EU countries.

3. OLIVE OIL

Market developments in the EU

	2016/2017	2017/2018
Production	▼	▲
Exports	▼	▲
Imports	►◄	▲
Consumption	▼	▲

▲ up ▼ down ►◄ equal (compared to previous season)

Recovery of olive oil production worldwide

EU olive oil production in the campaign⁵ 2017/2018 is estimated 20 % above the low harvest of previous year, reaching slightly more than 2 million t (11 % above the last 5-year average). Among the biggest producing countries, a significant recovery is estimated in Italy (+137 % compared to last year) mainly due to favourable September period of rain in Puglia, the main producing region. Another positive year-on-year growth took place in Greece (+64 %). In Portugal, where the young trees planted in 2004⁶ are now bearing fruit, the production is estimated to grow by 44 %. On the contrary, Spain foresees a decline of 5 %. The production outside EU is estimated to grow by 38 % compared to previous year, and 24 % above the last 5-year average, resulting in a production level of around 1.1 million t. A particularly good harvest is worth mentioning in Tunisia and Turkey.

EU exports expected to grow

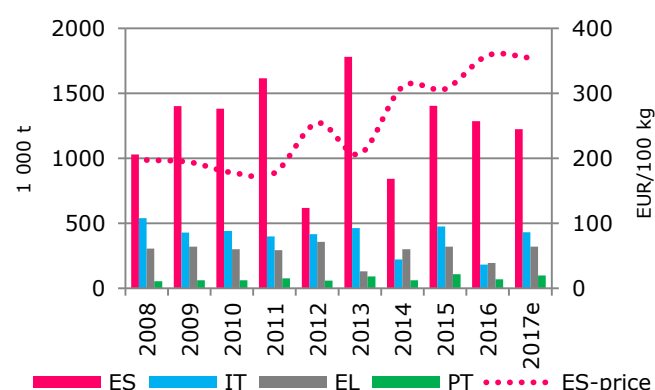
EU olive oil exports from October till January dropped by 2.6 %. Despite the overall decline, EU shipments increased to China (+23 %) and to Brazil (+72 %). The latter development accounted for the Portuguese export growth of 98 %. With the new production that will be traded later in the year, it is expected that total exports could grow by 5 % (588 000 t) compared to the last campaign.

Within the same period (October-January), EU olive oil imports recorded a year-on-year growth of 38 %, directed mainly to Spain (53 % of EU imports) and originating from Tunisia (64 % of EU imports). This trend is expected to continue, resulting in high imports of 157 000 t by the end of the campaign (+73 % year-on-year).

⁵ Campaign runs from 1 October till 30 September

⁶ Planting of new trees with a more productive profile was a result of the sector modernization together with the improved transformation capacity of olive mills.

Graph 15 EU olive oil production and ES producer price

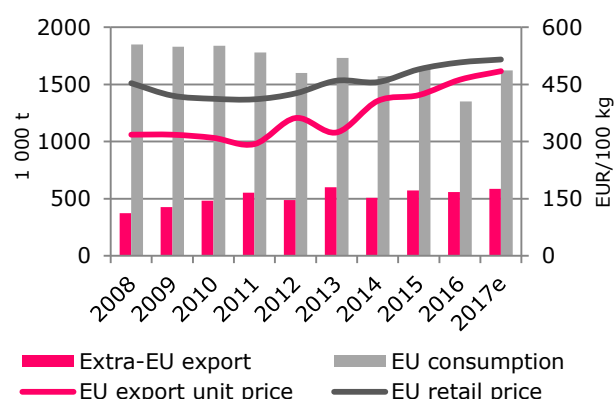


Source: DG Agriculture and Rural Development, based on MS notifications

Prices above average and expected consumption recovery

Given the short crop in 2016/2017, EU producer prices⁷ were sustained at high level (357 EUR/100kg). Despite the estimated production recovery in the new campaign, EU producer prices of virgin olive oil remained relatively high in the first four months of the current campaign (358 EUR/100kg), 30 % above the last 5-year average for the same period.

Graph 16 EU olive oil exports, consumption and prices



Note: Olive oil trade of CN1509

Source: DG Agriculture and Rural Development, based on Comext and Euromonitor (retail price for calendar year)

Due to the fall in harvest last year and the firm world demand, the stocks at the end of the campaign 2016/2017 declined to 348 000 t. EU exports remained relatively stable (558 000 t) and sustained the trend of increasing unit prices. As a result, the output shortage affected most significantly EU consumption, particularly consumer markets in the main producing countries that recorded a drop of 21 %. With the estimated production recovery, EU consumption could increase by 3 % compared to the 5-year average (1 621 000 t).

⁷ Average EU price of virgin olive oil

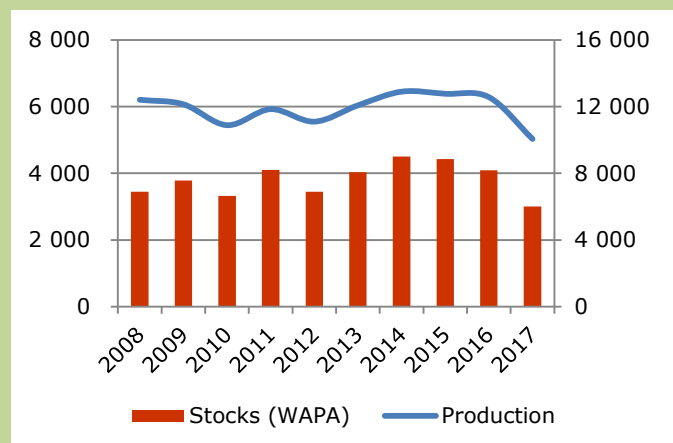
Weather favouring olive growers

Although it is premature to forecast olive oil production for the harvest starting in October 2018, it is worth to mention some climatic conditions that could affect it. The wave of cold weather front that affected Europe in February and early March also hit some southern European countries. In contrast to other sectors like fruit, the cold weather could actually be beneficial for olive trees at this stage of development. The cold could likely help in reducing the olive fly population and containing fungal diseases. In addition, wetter-than-usual weather conditions in the Iberian Peninsula, Italy and south-eastern Europe should help reconstituting the water reserves strongly affected by the severe drought of last year. Such good climatic conditions might start to weigh on the level of prices.

Box: Apples, short harvest implying high prices and more imports

The adverse weather conditions experienced in spring 2017 seriously affected the EU apple crop production in the current season (2017/2018⁸). Hailstorms and cold spells in April and May 2017 damaged numerous orchards and led to a reduced harvest of 10 million t, 20 % below the previous season and the poorest harvest of the last ten seasons. In the four main producing Member States, production decreased strongly (by 45 % in Germany, 28 % in Italy and 20 % in France and Poland).

Graph 17 EU apple production and stocks end of December (1000 t)



Source: DG Agriculture and Rural Development, based on Eurostat and WAPA

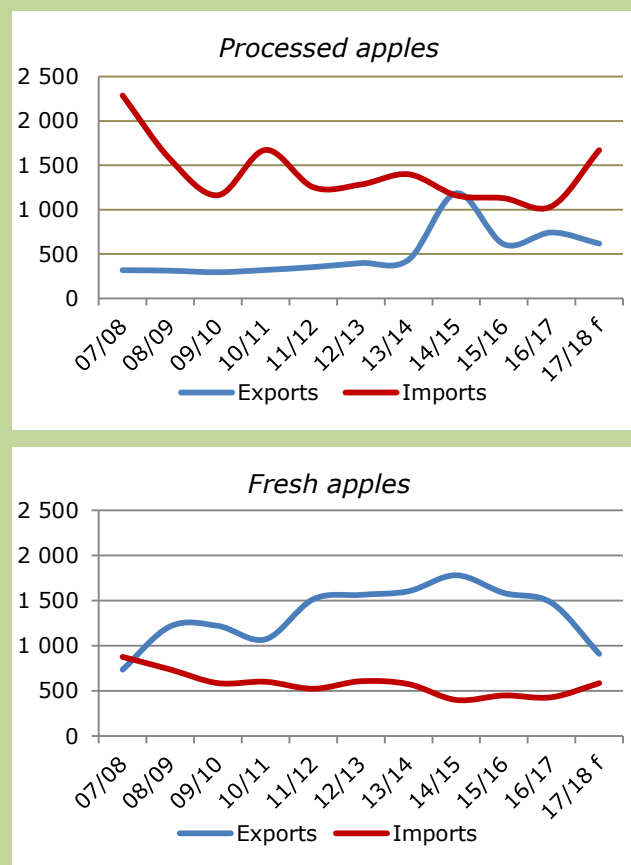
In addition, the adverse weather affected product quality. This limited the possibilities of long-term storage and increased the volumes intended for processing in certain regions. Consequently, the stocks of apples at the end of 2017 were well below previous years (-27 % compared to 2016).

As a result of the short harvest, prices for fresh apples increased since the beginning of the season. The low levels of stocks contributed to release price pressure on the markets. Prices in Poland stood at around 40 cents/kg while EU average prices were above 70 cents/kg. Moreover, there are indications that the depletion of current stocks could lead to shortages of fresh apples supplies in the next months.

As regards trade, EU exports of fresh apples dropped significantly since 2014 as a result of the Russian ban, although efforts are being deployed to find alternative export markets in Asian and American countries.

This season (2017/2018), the downward export trend is expected to be much more pronounced due to the lack of produce. In the first six months of the season, exports dropped already by 38 % compared to the last 3 years. Moreover, imports from non-EU countries are expected to increase (+36 %) to partly compensate for the limited production. A similar trend is expected in the trade of processed apple products this season, with a likely boost in EU imports (+50 %) and a decline in exports (-27 %).

Graph 18 EU exports and imports of fresh apples and apple products (1000 t eq. fresh apples)



Source: DG Agriculture and Rural Development, based on Eurostat

⁸ The apple marketing year runs from 1 August to 31 July

4. DAIRY

Market developments in the EU

	2018	2019
 Milk collection	▲	▲
 Dairy herd	▼	▼

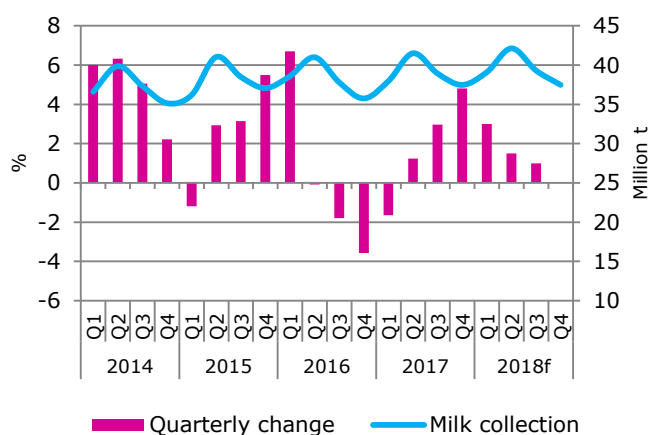
▲ up ▼ down ►◄ equal (compared to previous year)

Further increase in milk deliveries in 2018

The EU raw milk price reached almost EUR 38 /100 kg in November 2017, 20 % above previous year level and 10 % above 2012-2016 average for the same month. The main drivers for this recovery were the decline in milk collection end of 2016 and beginning of 2017, as well as the growing demand for dairy fats and cheese.

In a context of lower feed costs, the higher raw milk price resulted in increased gross margins; thus farmers are likely to have purchased more feed, which together with good forage quality and quantity led to a significant increase in milk deliveries in the second half of 2017. In 2017, milk collection increased by 1.8 % compared to 2016.

Graph 19 EU milk collection developments



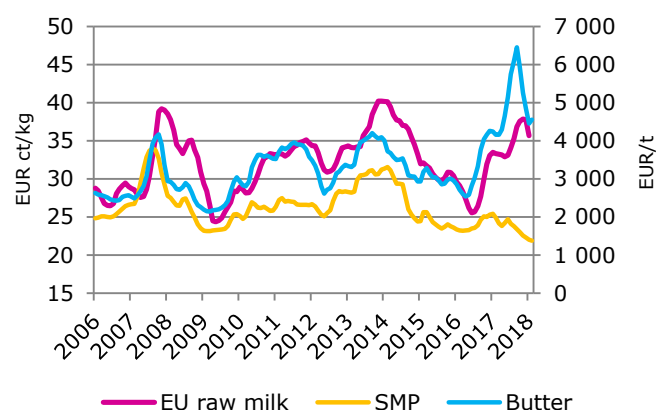
Source: DG Agriculture and Rural Development, based on Eurostat

The milk price equivalent based on EU SMP and butter prices started to decline in September 2017, dropped to EUR 30 /100kg in January and slightly increased since. The EU raw milk price decreased to 35.7 EUR/100kg in January. Prices will seasonally decline further in the coming months. Despite sustained demand for EU dairy products and lower than expected milk collection in New Zealand, milk production expansion in the EU and the US may add supplementary pressure on prices.

Nevertheless, EU milk deliveries are expected to grow by 1.4 % in 2018 and a slowdown in milk collection growth is projected to take place only in 2019 (+0.5 %) mainly due to lower prices.

The growth profile is expected to vary strongly during the year. In January 2018, EU milk collection increased by around 4 % compared to 2017. The cold temperatures registered in February and March might lead to keep cows longer in-door and delay grass development, contributing to slow down the growth in milk collection, projected at 3 % in the first quarter. The growth is expected to slow down further along the year following a reverse trend compared to 2017.

Graph 20 Monthly EU dairy prices



Note: The milk price equivalent is based on butter and SMP prices
Source: DG Agriculture and Rural Development

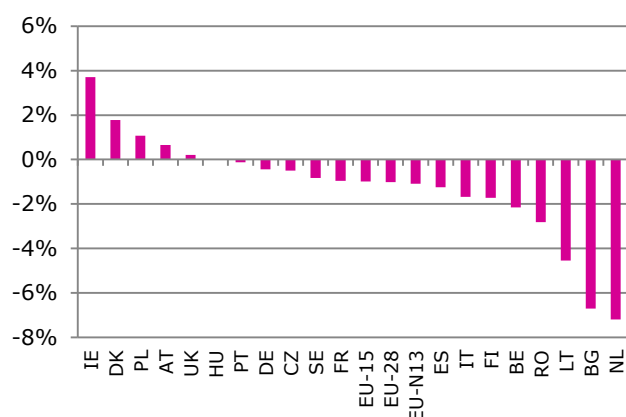
Further yield gains

The Eurostat December livestock survey indicated a close to 1 % drop in the number of dairy cows compared to the same period last year. It is the first significant drop recorded since 2012 and the EU cow dairy herd is back to its 2011 level, while in the same time, EU milk production increased by close to 13 million t (i.e. 8 %). Said differently, the average productivity in the EU increased significantly to 7 060 kg per cow in 2017. In 2018 and 2019, the number of dairy cows is expected to continue declining but at a slower pace.

The EU average decline in dairy cow number in 2017 hides strong differences between Member States: from a 7 % drop in the Netherlands (see box) to a close to 4 % increase in Ireland. Excluding the Netherlands, the drop is down to 0.5 % in the EU. The number of dairy cows increased in Poland, Denmark, Austria, Slovenia and Cyprus. By contrast, decreases above 2 % were recorded in Bulgaria, Romania, Slovakia, Latvia, Lithuania, Croatia, Malta, Belgium and Greece. The drop in cow numbers did not translate into lower milk collection as in 2017 significant productivity gains were recorded: notably thanks to the use of feed concentrates and to a higher share of younger and more productive cows; in

addition the professionalization of milk collection continues in Romania and Bulgaria.

Graph 21 Change in the number of dairy cows in December 2017 compared to 2016



Source: DG Agriculture and Rural Development, based on Eurostat

Box: No change in Dutch milk deliveries despite the sharp drop in dairy herd

Despite the 7 % drop in dairy cow herd (-129 000 heads) linked to the obligation to reduce phosphates emissions, the 2017 Dutch milk deliveries declined by only 0.2 %. The reduction in cow numbers was mainly achieved with additional cow slaughterings (+14 % compared to 2016) and very strong exports of pure-bred females.

To fulfil environmental requirements, Dutch farmers reduced the number of non-productive animals. In December 2017, the number of less than 2 year breeding females was 14 % below 2016. At the same time, exports of pure-bred heifers more than doubled in 2017 (to close to 70 000 heads). Exports of cows increased too and reached more than 10 000 heads. On the other hand, the imports of cows increased strongly (from 200 heads in 2016 to 18 000 in 2017) highlighting the delocalisation of the breeding activity in neighbouring EU countries.

DAIRY PRODUCTS

Market developments in the EU

	2017	2018
 Production	▲	▲
Exports	▲	▲
Imports	▼	▲
Consumption	▲	▲

▲ up ▼ down ►◄ equal (compared to previous year)

Strong domestic and world demand for dairy

In 2017, global trade expanded by 1 % compared to 2016, while total EU exports of dairy products increased by around 10 % (i.e. by 1.7 million t of milk equivalent) leading the EU to the position of first world exporter of dairy products (see box). In addition, the EU domestic use increased further by 0.8 % (+0.8 million t).

In 2018, demand for EU products is expected to stay strong on the domestic market (+0.9 %) and on the global market, all the more in a context of declining milk collection in New Zealand due to unfavourable weather conditions. The next milk season, starting in August in New Zealand, might be better though. Anyhow, the low SMP prices will give a competitive advantage to the EU and total EU exports are expected to grow further by 4 %.

Steady growth of the cheese market

The increased volume of collected milk in 2017 was mainly directed into cheese which offered good returns. Driven by demand, the EU cheese price recovered in 2017 and the annual average price of cheddar recorded a year-on-year increase of almost 20 % (EUR 3 390/t) after three years of continuous decline. However, end of 2017 EU cheese prices started to decline again. The drop seems to have come to a halt mid-February for cheddar (at EUR 3 230 /t mid-March).

World demand for EU cheese remained strong in 2017, and EU shipments recorded a 4 % increase in volume (to 830 000 t) and 10 % in value. The EU kept its dominant position on the US market despite a 1 % drop in EU exports to this destination between 2016 and 2017. The most promising growing markets are located in Asia. In China, between 2013 and 2017, the share of EU exports grew by 5 percentage points (15 % share in 2017) and the volume shipped to China increased by almost 250 %. Further increases are expected after the decision of Chinese authorities to cut some import tariffs on consumer goods, including some cheeses.

In January 2018, EU cheese exports recorded a 2 % increase year-on-year and in 2018, a further 4 % growth is expected driven by Asian markets. In 2019, it is assumed that the Russian ban will not be prolonged (in absence of other information), however it is not expected to impact significantly the cheese market.

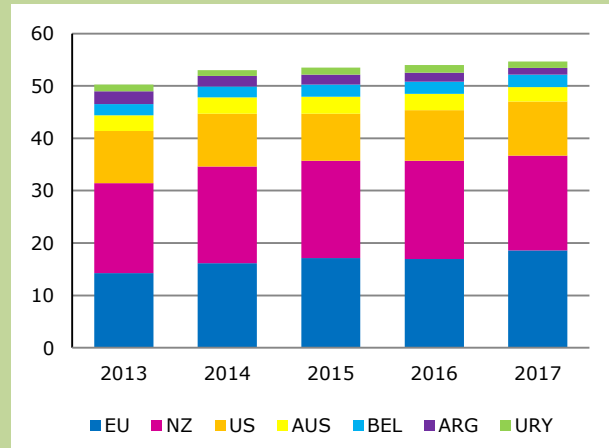
In 2017, the domestic market, driven by the use of cheese in processed products, continued its increasing trend and per capita cheese consumption reached 18.1 kg (+1.4 %). Consumption in the EU-N13, still significantly below, increases at a faster pace (+5 %) to 14.8 kg. In 2018 and 2019, cheese use is expected to grow steadily.

Driven by demand, EU cheese production is expected to increase by 2 % in 2018. In 2019, the lower growth in milk collection may lead to a smaller increase of cheese production.

Box: EU first world dairy exporter

In 2017, global trade increased by 1.3 %. With a market share of 34 %, the EU was, for the first time, the first world exporter of dairy products⁹ just in front of New Zealand.

Graph 22 Exports of main dairy traders (million t of milk equivalent, total solids)



Source: DG Agriculture and Rural Development, based on GTA

The lower milk supply in New Zealand led to a 3 % drop in their exports and gave more opportunity for EU exports (+10 %) and the US (+6 %) to expand.

The EU increased significantly its exports of powders after a decline in 2016 (SMP and WMP, +23 % in 2017 compared to 2016), while US exports of cheese recovered significantly (+19 %) after a 2016 year lagging behind. The undersupply and high prices of butter could also be seen in lower butter exports worldwide (-13 %), mainly driven by the lower availabilities in New Zealand.

Infant formula, not covered above, is one of the main EU markets in terms of value. China, the main customer of the EU on this market increased its total imports by 34 % in 2017. This additional increase was covered at 73 % by the EU, resulting in 74 % EU market share.

The EU plays a major role in SMP global trade

In 2017, EU SMP production remained well-above the last 5-year average (+12 %) and was only 2.7 % below the record level of 2016. Further 30 000 t was bought into intervention, bringing the total EU intervention stock to 378 000 t end of 2017. Despite the good demand for proteins in general and SMP in particular, ample availabilities weigh on the EU price at EUR 1 330/t mid-March.

The EU took back the primacy from the US on the international SMP trade. This development led to a 35 % increase in EU shipments to 779 000 t. The main destinations were Algeria (+46 %), China (+66 %) and Mexico (+377 %). In Mexico, the EU benefitted from higher total Mexican imports as well as lower purchases from the US. This dynamic global demand combined with a steady growth of SMP use on the domestic market, in a context of lower production, led EU private stocks to low levels (estimated below 80 000 t).

In 2018, due to ample milk supply in the EU and because global and EU demand for SMP is expected to further grow, EU SMP production is projected to increase by close to 3 % to 1.56 million t. In 2019, the slowdown in EU milk production growth may lead to a small decline in SMP production, given that cheese offers best returns and the large SMP availabilities in stocks.

In 2018, buying-in into public intervention is subject to a tender procedure. As regards sales, taking into account the expected increased production, two possible scenarios were identified. These are working hypotheses as the probability of any of them will in the end depend on the production itself and the export performance. So far, sales slightly exceeded 10 000 t in January to March 2018.

Scenario 1 consists on a EU production increase of close to 3 %, exports to further grow by 5 % and domestic use to follow its increasing trend (+3 %). With a small increase in private stocks from 75 000 t to 85 000 t, it would result in sales of 80 000 t. *Scenario 2* depicts a situation where exports would decline by 4 % while production would increase by 3 % as in scenario 1. Private stocks would increase to the level of 100 000 t. In this scenario, 30 000 t of sales could take place.

Small growth of whole milk powder production

In 2017, the EU production of whole milk powder (WMP) increased compared to previous year (+3 %) driven by rising exports and better returns than when processing SMP and butter. EU shipments grew by 3 %, particularly to Algeria, Nigeria and China. A further 2 % production growth is projected for 2018 as the demand from the food industry and world markets remain strong (though at a lower rate).

⁹ Based on GTA export data of the EU, New Zealand, the US, Australia, Belarus, Argentina and Uruguay for cheese, SMP, WMP, whey, fresh dairy products and butter, in milk solid.

Another market for dairy proteins not well covered by statistics is the fat filled powders (a mix between dairy proteins and vegetable fat). This market is steadily growing driven by rising exports to Africa, all the more when the dairy fat is expensive.

Foreseen butter production recovery

In 2017, butter production slightly dropped (-0.3 %) but domestic demand remained high (+1.5 %), implying lower exports, very tight stocks and record prices. In addition, EU cream exports increased by 20 % while the milk dairy fat dropped slightly (by 0.3 % on average for the year but stronger at the time of seasonal milk peak collection). Thus, the EU butter price reached an all-time record of EUR 6 500 /t in September 2017. The butter prices started declining then, but mid-March it was on the rise again, at EUR 4 810/t.

In 2018, it is estimated that the recovery in milk production in the main EU butter producing countries (France and Germany), combined with a further growth of EU milk production and a slight increase in the milk fat content (thanks notably to the use of concentrates) will result in a production increase of 3 %.

In 2017, due to lower availabilities and higher prices EU exports dropped by almost 20 % year-on-year. By contrast, in value they increased by 14 %. The EU managed nevertheless to increase its exports to some destinations: China (+22 %), Mexico (+72 %) and the Philippines (+19 %). In 2018, a slight recovery in EU exports is foreseen (+4 %) together with a continuation of consumption growth, although at a slower pace (+0.9 %).

Drinking milk down but cream and yogurt up

The Asian markets are also promising outlets for EU fresh dairy products and it could support this market for which EU demand is oriented downwards because of the lower consumption of drinking milk. In 2017, though, exports of fresh dairy products declined slightly in product weight (-3 %), after several years of significant growth. However, in milk equivalent, the strong increase in cream exports (+ 20%) and yogurt (+9 %) more than offset the drop in drinking milk shipments (-9 %).

In 2018, exports of fresh dairy products could grow by 5 % and stabilise in 2019. It is not likely to be enough to compensate for the lower EU demand and production is projected to steadily decline.




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5. MEAT

BEEF

Market developments in the EU

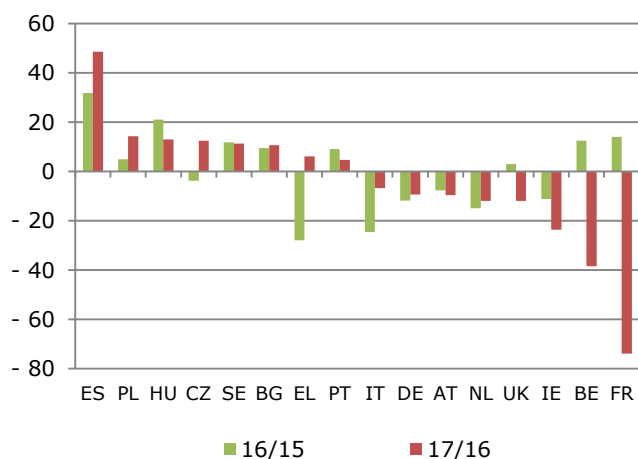
	2018	2019
 Production	▼	▼
Exports	▲	▼
Imports	▲	►◀
Consumption	▼	▼

▲ up ▼ down ►◀ equal (compared to previous year)

EU beef production declining in 2018

According to the December 2017 livestock survey, the total cow herd in the EU dropped by almost 1 %, entirely on the back of EU-15. The suckler cow herd declined slightly by 0.5 % year-on-year or 60 000 heads, with large differences between Member States. After 4 years of continuous increase, the suckler cow herd in France declined by 74 000 heads. Belgium and Ireland reported as well significant declines of respectively 39 000 and 24 000 heads. On the other hand, Spain continued to expand its herd by 49 000 heads or 2.5 %. Several eastern Member States, like Poland, Hungary, the Czech Republic and Bulgaria also show increases of their suckler cow herd between 10 000 and 15 000 heads. Overall, there seems to be a reversal of the positive trend of the past few years in France, Belgium and the UK, while the restructuring and decline of the suckler cow herd continues in Ireland, Germany, Italy and the Netherlands.

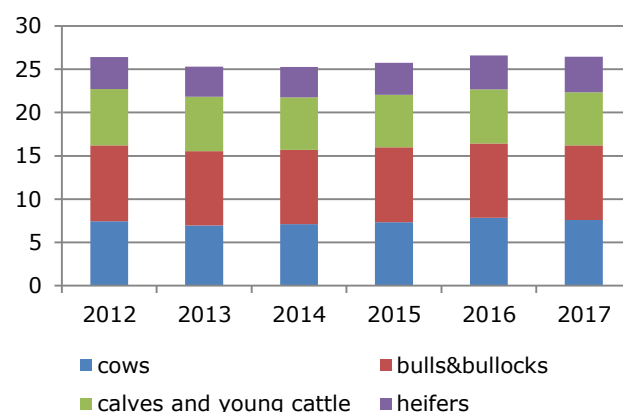
Graph 23 Change in suckler cow herd by Member State (1000 heads)



Source: DG Agriculture and Rural Development, based on Eurostat

In 2017, net beef production in the EU stabilised after 3 years of increases, hiding a small decrease in the EU-15 (-0.7 %), while the EU-N13 still recorded an increase of over 6 %. This slowdown is attributable mainly to a decrease in cow slaughterings, partly compensated by an increase in slaughterings of heifers (+7 %). During the last five years, an increase of the average slaughter weights of calves, young cattle, heifers and bulls between 2 % and 4 % can be observed. Dairy farmers have notably increased crosses with beef bulls to increase the weight and value of calves and thus their returns, in a context of lower milk prices in 2016 and 2017.

Graph 24 EU beef slaughterings by category (million heads)



Source: DG Agriculture and Rural Development, based on Eurostat

EU net beef production is expected to decline slightly in 2018 by almost 1 % and in 2019 by 1.5 %. The development of the dairy sector which mainly drove the beef production increase in the last 3 years seems to have finished and the dairy herd is expected to resume its downward trending path. The development of the beef sector in Eastern Europe and Spain is not compensating the decrease in the other traditional beef producing countries. Productivity gains in the dairy sector and the profitability of the various beef production systems are the main drivers in the medium term of declining beef production.

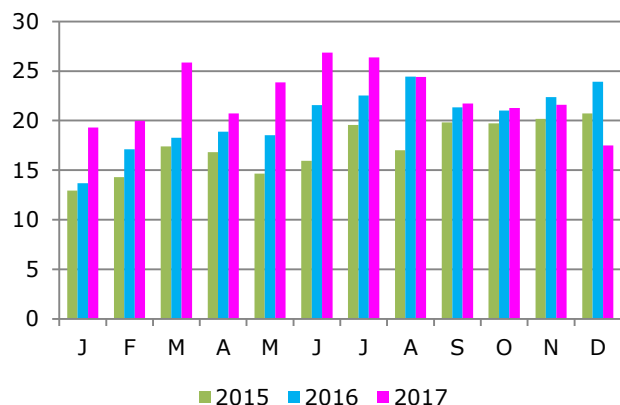
Exports expected to stabilise

EU exports of live bovine animals increased by 9 % in 2017 compared to last year. Turkey is by far the first destination and represents around one third of total EU bovine exports, despite competition from other international players like Uruguay and, to a lesser extent Brazil¹⁰. Although exports to Turkey were small at the beginning of 2017, there were no major disruptions in the trade during the year compared to previous years. All other EU partners are also located around the Mediterranean Sea. Lebanon is the second destination with a market share of about 16 %, followed by Libya and Israel, each 10 %. Overall, live

¹⁰ Uruguay and Brazil represented respectively 31 % and 18 % of Turkish live imports in 2016.

exports are expected to continue growing by 2 % in 2018 and to stabilise in 2019, mainly due to an expected decline in EU production and competition from other players.

Graph 25 EU monthly beef exports (1000 t)



Source: DG Agriculture and Rural Development, based on Eurostat

Beef meat exports rose by another 11 % in 2017, after a 16 % increase already reported in 2016, although a slowdown was reported by the end of the 2017. Hong Kong became the first export destination of EU beef in 2017 (33 000 t), closely followed by Bosnia – Herzegovina (29 000 t). The biggest increase in beef demand was registered for Hong Kong (+13 000 t) and Turkey (+10 000 t). On the contrary, exports to Norway declined by 30 % or 5 000 t. Other key destinations were Switzerland, Algeria, Israel and the Philippines. Turkey opened its border for meat imports only in July, a recurring event in the last years, but also a potential outlet if trade would be open for the whole year. Moreover, the recent decision to enlarge the scope of the beef TRQ to allow fresh and chilled beef and not only frozen meat might facilitate EU exports to Turkey, but the exact impact will depend as well on the actual management of the TRQ by the Meat and Milk Institute (ESK). Due to the Russian import ban on Brazilian beef since December 2017, some 138 000 t of beef (Brazilian exports to Russia in 2017) will need to find other destinations. US, Argentina and Uruguay increased their exports in 2017 and are expected to continue putting pressure on the world market in 2018. Therefore the outlook for EU exports in 2018 tends to a stabilisation as the potential for expansion is limited (+1 % compared to 2017). EU exports mainly consist of low value cuts but the EU access to certain niche markets and the extensive portfolio of destinations can help to sustain its exports at the current relatively high level.

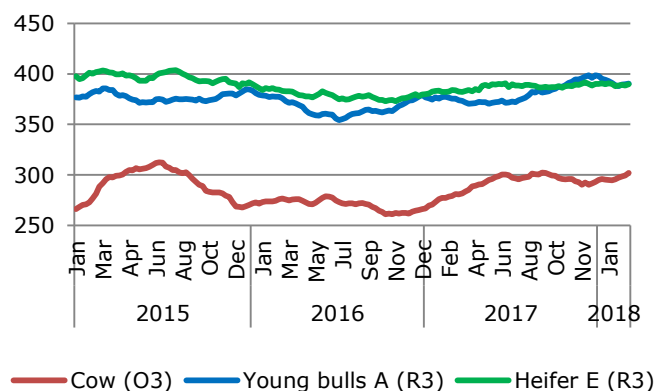
EU beef imports fell by 6 % in 2017. Imports from Brazil and Australia declined by respectively 18 % and 21 % year-on-year, even though Brazil reported an increase in its total exports to the world, despite the Brazilian meat scandal in 2017, while Australian exports stabilised. This decrease was not compensated fully by the increase of imports from other destinations like Argentina (+15 %), the US

(+5 %) and Paraguay (+16 %). For 2018, EU imports are expected to increase by 10 % and stabilise in 2019. Brazil and to a lesser extent Australia will probably return to the EU market, especially if EU beef prices continue to be interesting compared to other destinations.

EU beef prices keep firm

Since summer 2017 the average EU cow price (category O3) is fluctuating between EUR 290 and 300/100kg. The cyclical price drop in winter did not materialise as in 2014 and 2015, probably a result of the declining cow slaughtering. Despite the sizeable increase of heifer slaughtering, the average EU price continued its steady increasing path and reached EUR 390/100kg by the end of 2017. The first three months of 2018 are showing a stabilisation at that level.

Graph 26 EU price for certain categories of bovine animals (EUR/100kg)




Source: DG Agriculture and Rural Development

Due to a lower supply of beef and despite higher imports in 2018, consumption in the EU is expected to decrease by 0.6 %, after a decline of 0.5 % in 2017. This declining trend is expected to continue in 2019 mainly driven by lower supplies.

SHEEP

Market developments in the EU

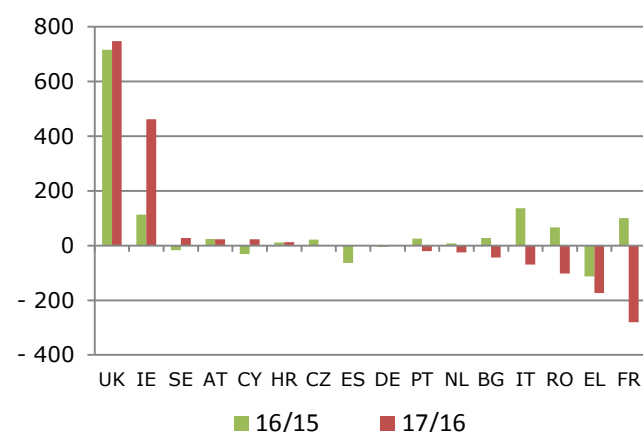
	2018	2019
Production	▲	▲
Exports	▶◀	▶◀
Imports	▲	▲
Consumption	▶◀	▶◀

▲ up ▼ down ▶◀equal (compared to previous year)

EU sheepmeat production continues rising but at slower pace

According to the December livestock survey 2017, the total sheep and goat herd passed the level of 100 million heads for the first time since 2010. The EU sheep flock increased by almost 600 000 heads (+1 %), following its increasing path since 2013. The UK and Ireland increased their sheep flock by respectively 750 000 and 460 000 heads, while France and Greece recorded a decline of 280 000 and 174 000 heads. Spain, having the second largest flock in the EU, kept its number stable. When looking at ewes put to the ram, the picture is slightly different as the EU noted a small decline of less than 1 %. After an increase of 305 000 heads in 2016, the goat herd recorded a small decrease (less than 1 %).

Graph 27 Change in sheep flock by MS (1000 heads)



Source: DG Agriculture and Rural Development, based on Eurostat

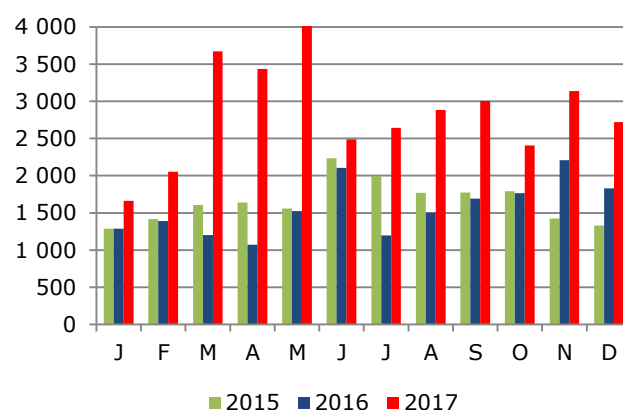
The substantial increase in net production during the first half of 2017 did not continue to the end of the year. From an increase of 4.3 % in the first half, slaughterings went down in the second half of 2017 but ended still 1.8 % above 2016 production. Since data of on-farm slaughterings in 2017 are not yet final, the figures are subject to change and should be taken with caution. For 2018, a certain stabilisation of production is expected in most of Member States. However, a further expansion of net production is expected in Ireland and the UK, following the positive development of their breeding herds, leading to an increase of 1 % in the EU as a whole.

Despite the increase of EU live exports in the first half of 2017 and contrary to the expectations in the previous short-term outlook, live exports declined overall in 2017 by close to 4 %, mainly driven by a drop in exports from Romania. Following the herd developments in Spain and Romania, live exports are expected to further decrease by 2 % in 2018. A noticeable development is the shift from almost purely adult sheep exports to a 40/60 share between lamb/adult sheep live exports in the last two years. Demand for sheep and goat meat on the world market in 2017 was mainly driven by Chinese imports. In

2017, EU meat exports noted a record 80 % increase compared to 2016, reaching record levels reported in 2013-2014. Thanks to the weaker pound sterling, the UK is becoming more competitive both on the EU and international markets. However, the EU expansion is expected to be limited to 1 % in 2018, because of harsh competition from Australia and New Zealand.

In 2017, EU sheepmeat imports dropped by almost 15 % year-on-year. New Zealand favoured the Asian markets, especially China and Malaysia. Another driver is the appreciation of the New Zealand dollar against the sterling and the euro, which has made competition with EU lamb meat slightly tougher for New Zealand. On the other hand, Australia is filling its TRQ to the EU year after year but this represents less than 10 % of total EU sheep TRQs. However, New Zealand still accounted for over 80 % of total EU imports. New Zealand is not expected to increase its sheep production substantially, limiting the scope of increased lamb exports to the EU thus only a slight growth of EU imports is expected in 2018 (+3 %). This should give as well the possibility to the EU to keep its own exports at a relatively high level.

Graph 28 EU exports of sheepmeat and goat meat (t)



Source: DG Agriculture and Rural Development, based on Eurostat

Prices back to previous years' level

After the low start in the beginning of 2017 and the higher prices in July and August, heavy lamb prices are slowly following the average price level of the last years (around EUR 490/100kg). In the first months of 2018, prices went up significantly, above the average levels of previous years, up to EUR 560/100kg. For 2017 as a whole, light lamb carcass prices stayed slightly below the price level of the last five years. This situation continued in the first months of 2018.

With increasing exports and dropping imports not offset by a sufficient growth in production, less sheepmeat was available on the EU market. Thus, per capita consumption dropped by 3 % in 2017, but would rebalance again in 2018, thanks to adjustments in production and imports. Given the relatively low per capita consumption of this meat, these percentage changes represent rather a stabilisation.

PIGMEAT

Market developments in the EU

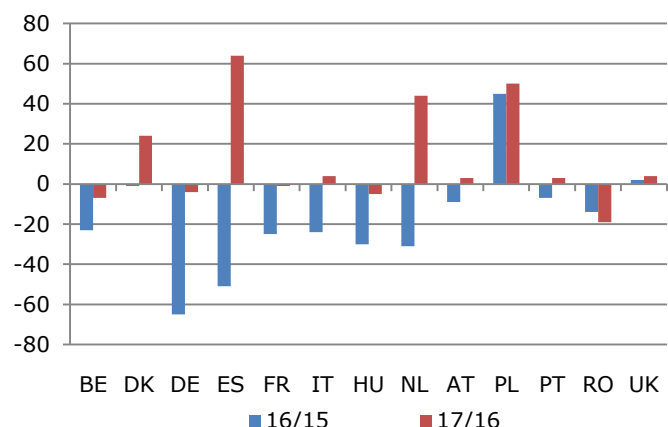
	2018	2019
Production	▲	►◄
Exports	▲	▼
Imports	▲	▲
Consumption	▲	►◄

▲ up ▼ down ►◄ equal (compared to previous year)

Supply rises as herd expands

The December 2017 livestock survey confirmed the growth of the EU sow herd (1.4 % or +174 000 heads), after the reductions seen in the previous 2 years. Significant increases were recorded in most of the main producing countries: Spain (+63 000 heads), Poland (+50 000 heads), the Netherlands (+44 000 heads) and Denmark (+24 000 heads). The main exception is Germany that still registered a slight decrease (-4 500 heads) after a considerable fall the previous year. The most significant decrease occurred in Romania (-19 000 heads) which continues to show a declining trend. The number of pigs for fattening in the EU increased by 1.5 million heads (+1.6 %) and the number of piglets by 1.2 million (+3 %), confirming a potential for production growth.

Graph 29 Change in the number of breeding sows in the main producing EU Member States (1000 heads)



Source: DG Agriculture and Rural Development based on Eurostat

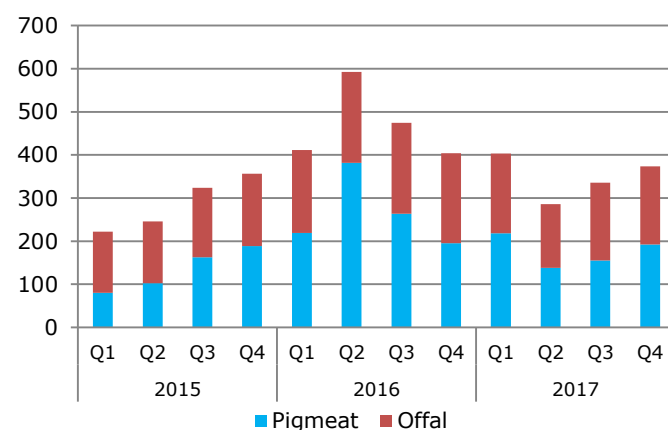
Reflecting the sow herd reductions of the previous 2 years, in 2017 total EU pigmeat slaughterings declined by 0.8 % in volume. However, this evolution was uneven, with falling production in the EU-15 (-1.3 %) while rising in the EU-N13 (+1.6 %). Within the EU-15 main producers, only Spain registered a production increase (+1.6 %). As for the EU-N13, all main

producing countries increased production: Poland (+0.6 %), Romania (+9.1 %) and Hungary (+4.6 %). In 2018 pigmeat production is expected to rise, following the increase in the breeding herd, but only by 0.8 % as prices will be under pressure due to high availabilities and strong competition on export markets. Sustained price pressure and cyclical phenomena may result in a slightly lower production in 2019.

EU pork exports to China recovering

After the record level of 2016, EU pigmeat exports¹¹ decreased to 2.6 million t in 2017, a fall of 9 % in volume, but just 2 % in value thanks to higher prices. Still, shipments were 15 % above the 2015 level. The decline was driven by the reduction of exports to China (-34 %), partly offset by significant increases to other destinations such as the US (+31 %) and the Philippines (+21 %). EU pork offal exports were also affected by the reduction in Chinese demand (-16 %) falling to 1.3 million t (-6 %). EU reliance on China for pigmeat exports fell to 28 % in 2017, from 38 % the previous year, showing a certain flexibility for EU pigmeat exports in finding new markets or in increasing the share in existing markets. However, the dependence on China remained higher for offal exports (53 %). Offal represents 50 % of the volume of pork products exported to China and 34 % of total EU pork exports (21 % in value).

Graph 30 EU pork exports to China (1000 t, meat in carcass weight, offal in product weight)



Source: DG Agriculture and Rural Development, based on Eurostat

Since 2015 China has been restructuring its pork sector closing or relocating farms due to stricter environmental policies, while at the same time modernising its industry. As a consequence, its imports peaked in mid-2016 and then declined until the end of 2017. Only in November 2017 the trend reversed and imports are expected to stabilise in 2018. The EU is still China's biggest supplier by far but has lost some of its share, which went from 75 % in 2015 to 65 % in 2017. All the main EU pigmeat exporters to China reduced their volumes in 2017:

¹¹ Carcass weight equivalent, thus without offal

Spain (-9 %), Germany (-44 %), Denmark (-44 %) and the Netherlands (-28 %). Both the US and Canada increased their shares to 14 % each in 2017 (from 13 % and 8 % respectively in 2016).

In 2018 EU exports will be under pressure due to the lower prices and expected production increases in its main competitors in the world market (the US and Canada), but also in Brazil, particularly if the Russian ban on Brazilian exports is maintained. Nevertheless, EU exports are expected to rise by 2.5 % in 2018 following the growth in supply.

In December 2017 Russia lifted its sanitary ban on EU products, following the confirmation of the WTO ruling on its illegality in February 2017. However, the political ban on food products was extended until the end of 2018, and also to include offal and fat, blocking exports of most EU pork products. Following their ambitious self-sufficiency targets, pigmeat production in Russia boomed and it is likely that the country will not import significant volumes from the EU once the ban is lifted. Russian pigmeat imports declined by more than 10 % in 2015 and 2016, but picked up in the first 11 months of 2017 (+12 % year-on-year), with Brazil taking a share of around 90 % until Russia imposed a temporary ban on Brazilian meat in December 2017 out of concerns on the use of the growth promoter ractopamine. If the ban remains in force, it will contribute to support the Russian pork sector at attaining the self-sufficiency targets, even if the current spread of African Swine Fever (ASF) in Russia will play against it.

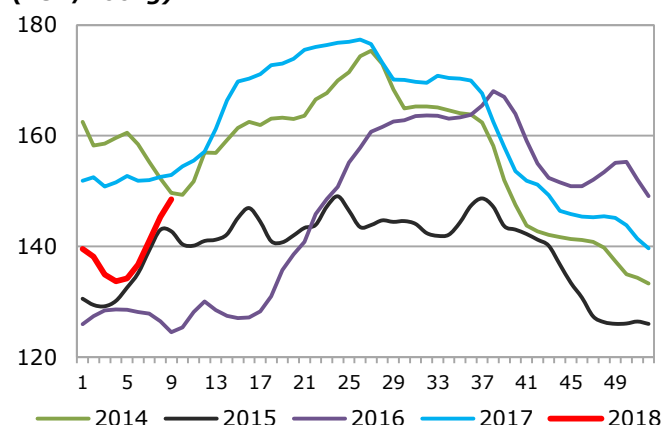
ASF outbreaks have been confirmed in several EU countries, and it is the main risk for the EU pork exports. Cases were reported in 2017 in Estonia, Lithuania, Latvia, Romania, the Czech Republic and Poland, and measures were taken to prevent further spreading. However, concerns have risen since a few outbreaks in wild boars were notified close to Warsaw, 150 km from the Belarus border where cases were concentrating until recently.

Imports of pigmeat were around 14 000 t in 2017. They might rise in the coming years following the implementation of the Comprehensive Economic and Trade Agreement (CETA) which entered into force in September 2017. Until now the quantities traded within CETA are very small.

High EU pigmeat prices in 2017

2017 was a year of high pigmeat prices, well above those of 2016, until the seasonal decline began mid-year, reaching a minimum of EUR 134/100kg in January 2018 due to increasing supplies at the end of 2017. In February supplies tightened temporarily and prices showed a strong rise. Nevertheless, this is not likely to continue given the expected production increase in 2018, while exports will experience strong competition.

Graph 31 Weekly EU pigmeat prices, class E (EUR/100kg)




Source: DG Agriculture and Rural Development

Piglet prices were exceptionally high in the first half of 2017 reaching EUR 59 in April, then declined following the seasonal trend down to EUR 42 in November. Prices picked up again at the end of the year as demand increased. In the first two months of 2018 they remained 13 % below the same period the year before, at similar levels to the last 5-year average.

EU consumption of pigmeat remained at 32.2 kg per capita in 2017 (retail weight), but a slight increase (+0.4 % to 32.3 kg per capita) is expected in 2018 as production increases and more pigmeat is available on the EU market.

POULTRY

Market developments in the EU

	2018	2019
Production	▲	▲
Exports	▲	▲
Imports	▲	▲
Consumption	▲	▲

▲ up ▼ down ► equal (compared to previous year)

EU poultry production up despite bird flu

After 3 years with an average growth of 4 %, EU poultry production slowed down in 2017 to reach a total of 14.6 million t (+0.8 %) in a year marked by the persistence of bird flu events in several EU countries. Bird flu didn't affect significantly broiler production that grew by 1.7 %, but production of other poultry species (ducks in particular) declined by 2.8 %, particularly in the EU-N13 Member States

(-6.7 %). All countries with a share of other poultry species above 20 % of total poultry production had a negative production growth in 2017: Germany (-0.8 %), France (-1.1 %), Hungary (-4.5 %), Italy (-2.9 %) and Bulgaria (-2.4 %). The overall production growth was driven by significant increases in Poland (+3.3 %) and the UK (+2.4 %). In 2018, EU poultry production is expected to grow at a slightly higher rate (+1.2 %) to stabilise the following year (+0.6 %).

Exports adapt to sanitary bans

Facing temporary sanitary bans imposed by some major trade partners in response to multiple bird flu outbreaks, EU poultry meat exports declined by 1.3 % in the first half of 2017 compared to the previous year. The small decline showed the adaptability of EU exporters. Moreover, exports grew significantly in the second half (+6 % year-on-year), resulting in a 2.5 % export growth for the full year (total of 1.5 million t). The recovery of exports was driven by Ghana that received part of the volumes previously exported to South Africa, Ukraine that continues increasing imports, and the Philippines whose imports of EU poultry rose notably after the lifting of the sanitary ban.

The main development for EU poultry exports in 2017 was the drop of exports to South Africa due to a mix of factors, including country-wide sanitary bans, safeguard duties (until July 2017) applied by South Africa on EU exporting countries and anti-dumping measures on several EU producers. As a result, at the end of 2017 only Denmark and Ireland were exporting poultry to South Africa. In 2016, South Africa was by far the main importer of EU poultry meat with a 17 % share but in 2017 its share reduced to just 5 % (-179 000 t). Exports also declined to Saudi Arabia (-23 000 t) and Benin (-12 000 t). By contrast, in 2017 aggregated exports to other sub-Saharan countries compensated part of this loss: Ghana, RDC Congo, Gabon and Congo (+90 000 t); while shipments to Ukraine (+45 000 t), Hong Kong (+22 000 t) and Vietnam (+12 000 t) also increased significantly.

In 2018, EU exports are expected to grow at a similar rate as in 2017 (+2 %), in line with the recovery of the end of 2017, but under strong competition from the US that is increasing production and Brazil lowering prices due to an oversupplied market situation. In 2019, export growth should slow down following the evolution of production.

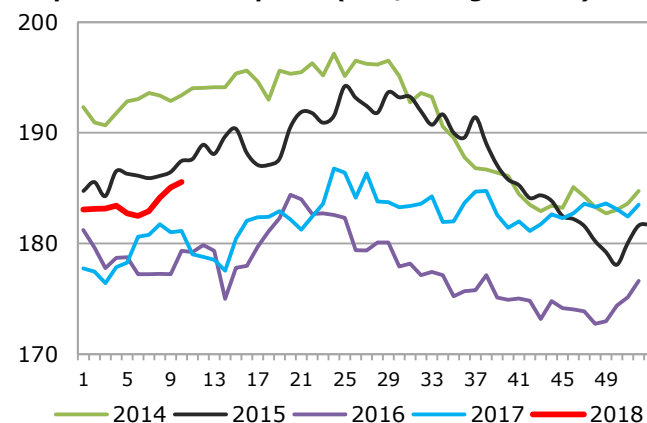
EU poultry meat imports fell by 11 % in 2017, mainly due to reductions in shipments from Brazil after the meat scandal of March 2017. The situation might not improve significantly in the short term following new developments in March this year affecting BRF, one of the main Brazilian food processors. The events led the Brazilian government to block all BRF's exports to the EU. Brazilian meat still represented 50 % of EU

imports in 2017, followed by Thailand with a 34 % market share. Thailand also reduced its exports to the EU (-8 %) facing competition from Ukraine and Poland, and diverting its trade to closer destinations. Such significant decreases were partly offset by the rise of imports from Ukraine (+62 %) up to a share of 9 %, almost double than the year before. In 2017, Ukraine used completely its 16 800 t TRQ for poultry meat and preparations, but used only 26 % of the 20 000 t TRQ for whole birds. However, significant volumes were also shipped to the EU via the *erga omnes* quotas and through liberalised tariff lines of the Deep and Comprehensive Free Trade Area (DCFTA). After the drop of 2017, poultry imports should grow in the next two years as world supplies increase.

Broiler prices strong but coming under pressure

Since June 2017, EU broiler prices were above the levels of the previous year, and have remained quite stable at an average of EUR 183/100kg until February 2018, still below the prices of 2014 and 2015. The broiler prices of main competitors remained significantly lower, with US prices around EUR 153/100kg since December 2017 and Brazilian prices below EUR 100/100kg since May 2017. Thus exports of frozen broilers continue to decline both in volume and share of EU exports (the current share is below 20 % while it was around 30 % before 2010).

Graph 32 EU broiler prices (EUR/100kg carcass)



Source: DG Agriculture and Rural Development

In 2017, poultry supply was tight, particularly for the types of poultry more affected by bird flu. As a consequence, aggregated EU poultry per capita consumption decreased slightly (-0.4 %). In the next two years it is expected that consumption increases at a rate of around 1 % per year as supplies grow.

6. STATISTICAL ANNEX

ARABLE CROPS

Table 6.1 EU cereal, oilseed and protein crop area (1000 ha)

	EU-28					% variation			
	2014	2015	2016	2017e	2018f	17/16	17 vs 5-year av.*	18/17	18 vs 5-year av.*
Common wheat	24 419	24 325	24 250	23 336	22 998	-3.8	-2.7	-1.5	-4.1
Durum	2 295	2 436	2 765	2 679	2 523	-3.1	8.2	-5.9	0.8
Rye	2 163	1 964	1 923	1 982	1 953	3.1	-8.4	-1.4	-4.1
Barley	12 434	12 219	12 301	12 105	12 209	-1.6	-2.2	0.9	-0.7
Oats	2 546	2 526	2 611	2 688	2 544	3.0	3.1	-5.4	-2.4
Maize	9 615	9 256	8 563	8 392	8 514	-2.0	-12.1	1.4	-6.9
Triticale	2 952	3 117	2 912	2 698	2 558	-7.4	-6.1	-5.2	-10.9
Sorghum	158	139	123	136	140	11.0	0.5	2.6	-0.2
Others	1 340	1 297	1 321	1 519	1 396	15.0	10.8	-8.1	1.8
Cereals	57 922	57 278	56 770	55 536	54 836	-2.2	-3.4	-1.3	-4.2
Rapeseed	6 714	6 467	6 533	6 713	6 785	2.7	2.2	1.1	2.0
Sunflower	4 266	4 197	4 138	4 397	4 241	6.3	3.2	-3.5	-1.1
Soya beans	569	893	832	962	907	15.6	54.6	-5.7	18.6
Linseed	50	66	84	73	66	-12.3	14.0	-9.6	-1.9
Oilseeds	11 599	11 623	11 587	12 145	12 000	4.8	4.7	-1.2	2.6
Field peas	531	744	914	1 018	892	11.3	69.6	-12.3	22.2
Broad beans	394	624	655	646	630	-1.4	40.8	-2.4	13.6
Lupines	119	258	179	176	204	-1.3	34.4	15.8	29.3
Protein crops	1 044	1 626	1 748	1 840	1 727	5.3	52.4	-6.1	17.2
Sugar beet	1 632	1 420	1 505	1 714	1 694	13.9	9.0	-1.2	7.8
Total	72 198	71 948	71 610	71 235	70 256	-0.5	-0.9	-1.4	-2.2

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

Table 6.2 EU cereal, oilseed and protein crop yields (t/ha)

	EU-28					% variation			
	2014	2015	2016	2017f	2018f	17/16	17 vs 5-year av.*	18/17	18 vs 5-year av.*
Common wheat	6.1	6.3	5.6	6.1	6.2	9.9	4.8	1.0	2.6
Durum	3.4	3.4	3.5	3.5	3.5	0.3	3.5	0.2	2.3
Rye	4.2	4.0	3.9	3.8	3.8	-2.3	-4.0	1.4	-2.6
Barley	4.9	5.1	4.9	4.9	5.1	0.4	-0.1	3.7	3.5
Oats	3.1	3.0	3.1	3.1	3.1	-1.4	0.5	0.7	0.4
Maize	8.1	6.4	7.4	7.8	7.5	5.9	13.5	-3.4	2.7
Triticale	4.5	4.1	4.1	4.3	4.3	5.0	3.5	0.4	2.2
Sorghum	5.9	5.2	5.4	5.4	5.4	-1.1	3.3	0.8	1.7
Others	3.0	2.7	2.7	3.0	2.5	9.4	5.9	-14.2	-9.8
Cereals	5.7	5.5	5.3	5.6	5.6	5.7	3.8	0.7	2.7
Rapeseed	3.6	3.4	3.1	3.2	3.3	5.6	1.6	1.0	1.0
Sunflower	2.2	1.9	2.1	2.3	2.3	11.2	17.5	-0.9	11.0
Soya beans	3.2	2.7	3.0	2.9	3.1	-2.7	5.4	6.7	8.8
Linseed	2.3	1.9	1.7	2.1	2.3	18.7	1.6	11.0	12.8
Oilseeds	3.1	2.8	2.7	2.9	2.9	6.4	6.3	1.3	4.8
Field peas	2.6	2.8	2.5	2.7	2.5	5.7	1.4	-7.9	-8.3
Broad beans	3.2	3.1	2.9	3.0	3.0	1.9	-0.5	-0.9	-1.9
Lupines	1.8	1.4	1.6	1.6	1.5	-1.7	1.7	-5.0	-5.0
Protein crops	2.7	2.7	2.6	2.7	2.5	3.6	1.0	-5.5	-5.7
Sugar beet	80.3	71.7	74.2	76.2	77.2	2.7	6.3	1.4	4.3

Table 6.3 EU cereal, oilseed and protein crop gross production (1000 t)

	EU-28					% variation			
	2014	2015	2016	2017f	2018f	17/16	17 vs 5-year av.*	18/17	18 vs 5-year av.*
Common wheat	149 684	152 516	134 963	142 742	142 067	5.8	1.7	-0.5	-0.6
Durum	7 704	8 389	9 672	9 397	8 867	-2.8	13.5	-5.6	3.0
Rye	9 048	7 796	7 406	7 458	7 456	0.7	-12.4	0.0	-8.0
Barley	60 728	61 931	59 951	59 249	61 958	-1.2	-2.2	4.6	2.3
Oats	7 767	7 585	8 137	8 260	7 871	1.5	4.0	-4.7	-2.3
Maize	77 961	59 287	63 083	65 490	64 199	3.8	3.6	-2.0	-1.5
Triticale	13 224	12 785	11 825	11 506	10 956	-2.7	-4.6	-4.8	-9.1
Sorghum	930	720	669	735	760	9.8	4.1	3.4	4.4
Others	3 999	3 452	3 585	4 510	3 560	25.8	16.3	-21.1	-8.2
Cereals	331 043	314 460	299 292	309 348	307 693	3.4	0.7	-0.5	-0.9
Rapeseed	24 267	21 814	20 097	21 812	22 273	8.5	4.0	2.1	3.4
Sunflower	9 274	7 882	8 740	10 329	9 870	18.2	19.7	-4.4	8.5
Soya beans	1 835	2 371	2 480	2 789	2 807	12.5	54.3	0.6	26.0
Linseed	115	128	146	152	153	4.1	15.9	0.3	12.2
Oilseeds	35 491	32 195	31 463	35 083	35 103	11.5	10.5	0.1	6.5
Field peas	1 393	2 076	2 317	2 726	2 200	17.6	72.1	-19.3	14.1
Broad beans	1 248	1 962	1 920	1 930	1 868	0.5	38.2	-3.2	9.9
Lupines	210	364	294	286	314	-3.0	30.5	10.0	19.4
Protein crops	2 850	4 402	4 532	4 941	4 382	9.0	52.7	-11.3	11.6
Sugar beet	131 022	101 867	111 685	130 593	130 841	16.9	16.8	0.2	11.7

Table 6.4 EU overall cereal balance sheet (million t)

	EU-28					% variation 18/19 vs. 17/18
	2014/15	2015/16	2016/17	2017/18f	2018/19f	
Beginning stocks	37.7	48.2	46.2	40.5	49.1	21.1
Gross production	331.0	314.5	299.3	309.3	307.7	-0.5
Usable production	328.1	311.7	296.7	306.6	305.0	-0.5
Imports	15.6	20.6	19.4	20.7	19.1	-7.8
Availabilities	381.3	380.6	362.3	367.9	373.2	1.5
Total domestic uses	279.2	281.3	281.3	282.8	283.8	0.4
- Human	65.0	65.1	65.4	66.2	66.4	0.3
- Seed	9.6	9.6	9.6	9.3	9.3	0.0
- Industrial	32.6	33.1	33.4	34.0	34.0	0.0
o.w. bioethanol	11.5	12.0	12.2	12.6	12.6	0.0
- Animal feed	172.0	173.4	172.9	173.2	174.1	0.5
Losses (excl on-farm)	2.2	2.2	2.2	2.2	2.2	0.0
Exports	51.7	50.9	38.2	33.8	40.0	18.6
Total uses	333.1	334.3	321.7	318.8	326.0	2.3
End stocks	48.2	46.2	40.5	49.1	47.2	-3.9
- Market	48.2	46.2	40.5	49.1	46.2	-5.9
- Intervention	0.0	0.0	0.0	0.0	1.0	0.0
Self-sufficiency rate %	117.5	110.8	105.5	108.4	107.5	0.0

Table 6.5 EU-28 cereal balance sheet 2018/2019 (forecast) (million t)

	Common wheat	Barley	Durum	Maize	Rye	Sorghum	Oats	Triticale	Others	EU-28
Beginning stocks (01.07.2018)	15.3	5.9	2.8	21.7	0.6	0.1	0.5	0.9	1.2	49.1
Gross production	142.1	62.0	8.9	64.2	7.5	0.8	7.9	11.0	3.6	307.7
Usable production	141.0	61.4	8.8	63.9	7.3	0.7	7.8	10.7	3.4	305.0
Import ¹	3.1	0.3	2.1	13.3	0.1	0.2	0.0	0.0	0.2	19.1
Total availabilities	159.4	67.6	13.7	98.9	8.0	1.0	8.3	11.7	4.8	373.2
Total domestic use	117.7	50.0	9.4	75.2	7.0	0.9	7.7	11.5	4.4	283.8
- Human	48.1	0.4	8.1	5.4	3.1	0.2	1.2	0.1	0.0	66.4
- Seed	4.8	2.1	0.5	0.4	0.4	0.0	0.5	0.5	0.1	9.3
- Industrial	10.8	9.1	0.1	11.7	1.7	0.0	0.1	0.4	0.1	34.0
<i>o.w. bioethanol</i>	4.7	0.4	0.0	6.2	1.0	0.0	0.0	0.3	0.0	12.6
- Animal feed	54.0	38.4	0.8	57.6	1.9	0.7	6.0	10.5	4.3	174.1
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	25.3	10.5	1.3	2.6	0.2	0.0	0.2	0.0	0.0	40.0
Total use	143.9	60.9	10.7	78.4	7.2	0.9	7.9	11.6	4.5	326.0
End stocks (30.06.2019)	15.5	6.7	2.9	20.5	0.7	0.1	0.3	0.1	0.3	47.2
- Market	15.5	6.7	2.9	20.5	0.7	0.1	0.3	0.1	0.3	47.2
- Intervention	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in stocks	0.1	0.9	0.1	-1.2	0.1	0.0	-0.1	-0.9	-0.9	-1.9
Change in public stocks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Self-sufficiency rate %	119.8	122.9	92.9	85.0	104.3	82.5	101.7	93.1	76.3	107.5

¹ Grains equivalent (grain, groats and flour).

Note: estimated export quantities for all wheat = 27.9 million t, for coarse grains = 10.0 million t.

Table 6.6 EU-28 cereal balance sheet 2017/2018 (forecast) (million t)

	Common wheat	Barley	Durum	Maize	Rye	Sorghum	Oats	Triticale	Others	EU-28
Beginning stocks (01.07.2017)	10.1	5.6	2.9	17.4	0.7	0.1	0.5	1.7	1.5	40.5
Gross production	142.7	59.2	9.4	65.5	7.5	0.7	8.3	11.5	4.5	309.3
Usable production	141.6	58.7	9.3	65.2	7.3	0.7	8.2	11.3	4.3	306.6
Import ¹	3.3	0.5	1.5	15.0	0.1	0.2	0.0	0.0	0.2	20.7
Total availabilities	155.0	64.9	13.7	97.6	8.1	1.0	8.6	13.0	6.0	367.8
Total domestic use	115.8	50.6	9.4	74.3	7.2	0.9	7.9	11.9	4.7	282.8
- Human	48.0	0.4	8.0	5.4	3.1	0.2	1.1	0.1	0.0	66.2
- Seed	4.8	2.1	0.5	0.4	0.4	0.0	0.5	0.5	0.1	9.3
- Industrial	10.8	9.1	0.1	11.7	1.7	0.0	0.1	0.4	0.1	34.0
<i>o.w. bioethanol</i>	4.7	0.4	0.0	6.2	1.0	0.0	0.0	0.3	0.0	12.6
- Animal feed	52.2	39.0	0.8	56.8	2.1	0.7	6.2	10.9	4.5	173.2
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	23.0	8.0	1.4	1.0	0.2	0.0	0.2	0.0	0.0	33.8
Total use	139.7	59.0	10.9	75.9	7.5	0.9	8.2	12.0	4.7	318.8
End stocks (30.06.2018)	15.3	5.9	2.8	21.7	0.6	0.1	0.5	0.9	1.2	49.1
- Market	15.3	5.9	2.8	21.7	0.6	0.1	0.5	0.9	1.2	49.1
- Intervention	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in stocks	5.2	0.3	-0.1	4.3	-0.1	0.0	0.0	-0.7	-0.3	8.6
Change in public stocks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Self-sufficiency rate %	122.3	116.1	98.7	87.7	100.9	79.8	103.4	94.5	91.6	108.4

¹ Grains equivalent (grain, groats and flour).

Note: estimated export quantities for all wheat = 26.0 million t, for coarse grains = 10.9 million t.

Table 6.7 EU-28 cereal balance sheet 2016/2017 (million t)

	Common wheat	Barley	Durum	Maize	Rye	Sorghum	Oats	Triticale	Others	EU-28
Beginning stocks (01.07.2016)	14.6	7.7	2.4	13.7	1.0	0.2	1.6	2.3	2.7	46.2
Gross production	135.0	60.0	9.7	63.1	7.4	0.7	8.1	11.8	3.6	299.3
Usable production	133.9	59.4	9.6	62.8	7.2	0.6	8.0	11.6	3.4	296.7
Import ¹	3.3	0.4	1.7	13.6	0.0	0.2	0.0	0.0	0.2	19.4
Total availabilities	151.8	67.5	13.7	90.1	8.2	1.0	9.7	13.8	6.2	362.2
Total domestic use	115.7	52.8	9.4	69.5	7.4	0.9	9.0	12.1	4.7	281.3
- Human	47.8	0.4	8.0	4.8	3.0	0.2	1.1	0.1	0.0	65.4
- Seed	5.0	2.2	0.5	0.4	0.4	0.0	0.4	0.6	0.1	9.6
- Industrial	10.5	9.0	0.1	11.5	1.6	0.0	0.1	0.4	0.1	33.4
<i>o.w. bioethanol</i>	4.5	0.4	0.0	6.0	0.9	0.0	0.0	0.3	0.0	12.2
- Animal feed	52.4	41.2	0.8	52.8	2.3	0.7	7.3	11.0	4.5	172.9
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	25.2	8.8	1.4	2.7	0.1	0.0	0.1	0.0	0.0	38.2
Total use	141.7	61.9	10.8	72.7	7.5	0.9	9.2	12.2	4.7	321.7
End stocks (30.06.2017)	10.1	5.6	2.9	17.4	0.7	0.1	0.5	1.7	1.5	40.5
- Market	10.1	5.6	2.9	17.4	0.7	0.1	0.5	1.7	1.5	40.5
- Intervention	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in stocks	-4.5	-2.0	0.4	3.7	-0.3	-0.1	-1.1	-0.6	-1.2	-5.7
Change in public stocks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Self-sufficiency rate %	115.8	112.7	101.7	90.4	98.0	71.8	89.6	96.1	72.9	105.5

¹ Grains equivalent (grain, groats and flour).

Note: estimated export quantities for all wheat = 34.0 million t, for coarse grains = 16.8 million t.

Table 6.8 EU-28 oilseeds balance sheets (million t)

	EU-28					% variation			
	2014/15	2015/16	2016/17e	2017/18f	2018/19f	18/19 vs 17/18	% 5-yr.av.	17/18 vs 16/17	% 5-yr.av.
Production	35.4	32.1	31.3	34.9	35.0	0.1	6.5	11.5	10.5
Rapeseed	24.3	21.8	20.1	21.8	22.3	2.1	3.4	8.5	4.0
Soya beans	1.8	2.4	2.5	2.8	2.8	0.6	26.0	12.5	54.3
Sunflower	9.3	7.9	8.7	10.3	9.9	-4.4	8.5	18.2	19.7
Total domestic use	49.3	50.0	49.6	52.3	51.9	-0.9	4.5	5.5	7.1
Rapeseed	25.9	24.9	24.1	25.8	25.5	-1.2	2.1	7.1	5.7
<i>of which crushing</i>	25.0	24.1	23.3	25.0	24.7	-1.2	2.0	7.1	5.6
Soya beans	14.4	17.1	16.5	16.1	16.5	2.8	5.0	-2.3	5.9
<i>of which crushing</i>	12.9	15.2	14.7	14.3	14.7	2.8	4.7	-2.5	5.5
Sunflower	9.0	8.1	9.0	10.4	9.9	-5.6	10.2	15.4	21.2
<i>of which crushing</i>	7.9	7.0	8.0	9.2	8.7	-5.6	9.7	15.2	21.0
Imports	15.8	18.7	19.1	18.4	17.9	-2.8	-1.7	-3.4	5.8
Rapeseed	2.3	3.5	4.2	4.2	3.6	-15.4	-5.0	-0.6	21.2
Soya beans	13.2	14.8	14.1	13.7	13.9	1.2	0.6	-2.5	0.7
Sunflower	0.3	0.5	0.8	0.5	0.5	-6.4	7.3	-35.7	41.1
Exports	1.3	0.9	0.9	0.9	1.0	12.4	4.3	-2.7	-6.3
Rapeseed	0.6	0.3	0.3	0.2	0.3	73.6	9.9	-37.3	-36.7
Soya beans	0.1	0.1	0.2	0.3	0.2	-45.8	6.2	49.7	152.7
Sunflower	0.6	0.4	0.4	0.4	0.5	25.5	9.2	-1.5	-15.3
End stocks	3.2	3.1	2.9	3.0	3.0	-1.2	0.0	4.2	7.0
Rapeseed	1.1	1.1	1.0	1.1	1.1	0.3	1.6	2.7	4.9
Soya beans	1.4	1.4	1.2	1.3	1.3	-2.0	0.0	8.7	14.4
Sunflower	0.7	0.6	0.7	0.7	0.6	-2.3	-4.9	-1.7	-2.5
Self-sufficiency rate %	71.8	64.1	63.2	66.8	67.4				

Table 6.9 EU oilmeals balance sheets (million t)

	EU-28					% variation			
	2014/15	2015/16	2016/17e	2017/18f	2018/19f	18/19 vs 17/18	% 5-yr.av.	17/18 vs 16/17	% 5-yr.av.
Production	28.8	29.6	29.3	30.6	30.5	-0.5	4.2	4.5	6.5
Rapeseed	14.3	13.8	13.3	14.2	14.1	-1.2	2.0	7.1	5.6
Soya beans	10.2	12.0	11.6	11.3	11.6	2.8	4.7	-2.5	5.5
Sunflower	4.4	3.9	4.4	5.1	4.8	-5.6	9.7	15.2	21.0
Total domestic use	50.0	52.4	50.4	52.9	52.2	-1.3	2.4	4.8	5.8
Rapeseed	14.3	13.7	13.0	14.3	14.0	-2.0	1.5	10.1	6.9
Soya beans	28.4	31.9	29.7	30.2	30.3	0.3	2.6	1.8	4.4
Sunflower	7.3	6.9	7.8	8.4	7.9	-5.6	5.9	7.4	16.0
Imports	22.3	23.8	22.2	23.3	22.7	-2.5	0.6	5.1	5.1
Rapeseed	0.5	0.4	0.2	0.5	0.4	-18.5	-7.3	128.8	17.5
Soya beans	18.6	20.2	18.3	19.2	18.9	-1.3	1.0	4.9	4.0
Sunflower	3.2	3.2	3.7	3.6	3.4	-6.5	0.5	-1.5	6.9
Exports	1.0	1.0	1.1	1.0	1.0	-3.9	-2.2	-1.9	1.0
Rapeseed	0.4	0.5	0.5	0.4	0.4	4.6	0.3	-18.9	0.0
Soya beans	0.3	0.3	0.3	0.3	0.3	-2.6	-1.8	15.0	0.0
Sunflower	0.3	0.2	0.3	0.3	0.2	-17.0	-2.7	13.1	34.9
End stocks	0.5	0.5	0.5	0.5	0.5	-0.4	0.0	2.3	0.0
Rapeseed	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Soya beans	0.4	0.4	0.3	0.3	0.3	-0.5	0.0	3.3	0.0
Sunflower	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Self-sufficiency rate %	57.6	56.5	58.1	57.9	58.4				

Table 6.10 EU vegetable oils balance sheets (million t)

	EU-28					% variation			
	2014/15	2015/16	2016/17e	2017/18f	2018/19f	18/19 vs 17/18	% 5-yr.av.	17/18 vs 16/17	% 5-yr.av.
Production	16.2	15.9	15.9	17.0	16.7	-1.5	4.6	7.0	7.6
Rapeseed	10.3	9.9	9.6	10.2	10.1	-1.2	2.0	7.1	5.6
Soya beans	2.6	3.0	2.9	2.9	2.9	2.8	4.7	-2.5	5.5
Sunflower	3.3	3.0	3.4	3.9	3.6	-5.6	9.7	15.2	21.0
Palm	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total domestic use	22.8	23.1	22.9	24.6	23.8	-3.3	3.6	7.5	9.1
Rapeseed	10.2	9.8	9.3	10.2	10.0	-1.5	2.4	8.8	7.0
Soya beans	1.9	2.4	2.3	2.4	2.4	0.4	4.2	1.6	11.1
Sunflower	3.9	4.0	4.5	5.2	4.6	-12.1	10.1	14.5	34.0
Palm	6.7	7.0	6.6	6.8	6.8	-0.5	0.8	2.9	2.3
Imports	8.5	9.0	8.9	9.2	8.8	-4.6	0.1	3.8	7.4
Rapeseed	0.3	0.2	0.2	0.2	0.2	1.7	-0.6	47.6	0.0
Soya beans	0.3	0.3	0.3	0.3	0.3	3.8	1.7	2.8	0.0
Sunflower	1.0	1.4	1.7	1.7	1.3	-22.7	-1.7	1.6	50.5
Palm	6.9	7.1	6.8	7.0	6.9	-0.8	0.0	3.3	1.9
Exports	1.9	1.8	1.9	1.6	1.8	8.1	-0.4	-12.4	-11.6
Rapeseed	0.4	0.4	0.3	0.3	0.3	10.9	-0.9	-12.8	-14.5
Soya beans	0.9	1.0	0.9	0.8	0.9	10.3	-0.5	-11.3	-13.8
Sunflower	0.4	0.4	0.5	0.4	0.4	3.9	0.3	-16.2	0.0
Palm	0.2	0.1	0.2	0.1	0.1	0.6	-1.8	-6.5	0.0
End stocks	1.6	1.5	1.5	1.5	1.5	-0.5	-1.1	-0.4	0.0
Rapeseed	0.6	0.6	0.6	0.6	0.6	-0.5	-1.4	-1.4	0.0
Soya beans	0.2	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.0
Sunflower	0.3	0.3	0.3	0.3	0.3	-0.7	-3.0	-4.9	0.0
Palm	0.5	0.5	0.5	0.5	0.5	-0.6	0.0	3.5	5.4
Self-sufficiency rate %	71.0	68.7	69.4	69.1	70.3				

SUGAR BALANCE

Table 6.11 Sugar beet production and sugar balance in the EU (million t white sugar equivalent)

	2014/2015	2015/2016	2016/2017	2017/2018e	2018/2019f	% variation 17/18 vs. 16/17	% variation 18/19 vs. 17/18
Beginning stocks	2.6	4.0	1.9	2.2	2.2	14	-2
Sugar production	19.5	14.9	16.8	21.0	20.4	24	-3
Imports	2.7	2.9	2.4	1.2	1.2	-50	0
Availabilities	24.8	21.8	21.2	24.4	23.7	15	-3
Total domestic use	19.4	18.6	17.7	19.0	18.6	8	-2
- Human	16.8	16.6	16.1	16.8	16.5	4	-2
- Industrial	2.6	2.0	1.5	2.2	2.2	41	0
<i>o.w. bioethanol</i>	1.7	1.2	0.7	1.4	1.4	86	0
Exports	1.4	1.3	1.3	3.2	3.3	141	3
Total uses	20.8	19.9	19.0	22.2	21.9	17	-1
End stocks	4.0	1.9	2.2	2.2	1.8	-2	-17
Self-sufficiency rate %	100%	80%	95%	110%	109%	0	0

Sugar beet production for sugar	125.1	94.2	105.4	127.1	126.7	21	0
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Note: Human domestic use also includes sugar for exported processed products.

OLIVE OIL BALANCE

Table 6.12 EU Olive oil balance sheets (1000 t)

	EU-28					% variation	
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018e	17/18 vs 16/17	% 5- yr.av.
Production	2 483	1 435	2 324	1 748	2 090	20	11
Total domestic use	1 731	1 572	1 637	1 352	1 621	20	3
Imports	53	225	98	91	157	73	26
Exports	601	508	573	558	588	5	8
End stocks	631	211	421	348	387	11	-5
Self-sufficiency rate %	143	91	142	129	129	0	8

MILK AND DAIRY PRODUCTS

Table 6.13 Milk supply and utilisation in the EU-28

	EU-28						% variation				
	2014	2015	2016	2017e	2018f	2019f	15/14	16/15	17/16	18/17	19/18
Dairy cows (million heads)¹	23.3	23.4	23.3	23.1	23.0	22.8	0.2	-0.3	-1.0	-0.4	-0.8
of which EU-15	17.9	18.1	18.1	17.9	17.9	17.8	1.2	-0.1	-1.0	-0.4	-0.7
of which EU-N13	5.4	5.2	5.2	5.1	5.1	5.0	-3.1	-1.1	-1.1	-0.5	-1.2
Milk yield (kg/dairy cow)²	6 737	6 861	6 898	7 074	7 192	7 278	1.9	0.5	2.6	1.7	1.2
of which EU-15	7 272	7 358	7 378	7 560	7 673	7 750	1.2	0.3	2.5	1.5	1.0
of which EU-N13	4 951	5 134	5 209	5 367	5 501	5 611	3.7	1.5	3.0	2.5	2.0
Milk production (million t)	159.7	162.9	163.0	165.4	167.4	167.9	2.0	0.0	1.5	1.2	0.3
of which EU-15	130.7	133.8	134.0	135.9	137.4	137.8	2.4	0.2	1.4	1.1	0.3
of which EU-N13	29.0	29.2	29.0	29.5	30.0	30.1	0.5	-0.5	1.7	1.5	0.4
Feed use (million t)	3.7	3.4	3.5	3.4	3.4	3.3	-6.3	1.7	-1.8	-1.8	-1.0
On farm use and direct sales (mio t)	7.2	6.7	6.1	5.9	5.8	5.6	-6.5	-8.5	-3.7	-2.3	-3.3
Delivered to dairies (million t)	148.9	152.8	153.4	156.1	158.3	159.0	2.6	0.4	1.8	1.4	0.5
of which EU-15	127.4	130.9	131.2	133.2	134.8	135.2	2.8	0.2	1.6	1.2	0.3
of which EU-N13	21.5	21.9	22.2	22.850	23.446	23.755	1.8	1.4	2.9	2.6	1.3
Delivery ratio (%)³	93.2	93.8	94.1	94.4	94.5	94.7	0.6	0.3	0.3	0.2	0.2
of which EU-15	97.5	97.9	97.9	98.0	98.1	98.1	0.4	0.1	0.1	0.1	0.0
of which EU-N13	74.1	75.1	76.5	77.4	78.3	78.9	1.3	1.9	1.2	1.1	0.9
Fat content of milk (%)	3.99	4.01	4.07	4.06	4.07	4.07	0.4	1.4	-0.3	0.4	0.0
Protein content of milk (%)	3.36	3.37	3.38	3.39	3.39	3.39	0.3	0.2	0.2	0.1	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 total production).³ Delivery ratio is milk delivered to dairies per total production.

Table 6.14 EU-28 fresh dairy products market balance (1000 t)

	EU-28						% variation				
	2014	2015	2016	2017e	2018f	2019f	15/14	16/15	17/16	18/17	19/18
Production	46 480	46 755	46 387	46 179	46 015	45 712	0.6	-0.8	-0.4	-0.4	-0.7
of which Drinking Milk	31 366	31 305	30 850	30 639	30 425	30 272	-0.2	-1.5	-0.7	-0.7	-0.5
of which Cream	2 639	2 745	2 764	2 792	2 848	2 879	4.0	0.7	1.0	2.0	1.1
of which Acidified Milk	7 967	7 963	7 988	7 986	8 026	8 056	0.0	0.3	0.0	0.5	0.4
of which Other Fresh Products ²	4 509	4 742	4 786	4 763	4 717	4 505	5.2	0.9	-0.5	-1.0	-4.5
of which EU-15	40 058	40 140	39 737	39 554	39 357	39 031	0.2	-1.0	-0.5	-0.5	-0.8
of which EU-N13	6 422	6 615	6 651	6 625	6 658	6 681	3.0	0.5	-0.4	0.5	0.3
Imports (extra EU)	19	12	14	25	25	25	-36	19	77	0	0
Exports (extra EU)	810	962	1 168	1 134	1 190	1 190	19	21	-3	5	0
Domestic use¹	45 689	45 805	45 234	45 071	44 850	44 547	0.3	-1.2	-0.4	-0.5	-0.7
p.c. consumption (kg)	90.3	90.3	89.0	88.5	87.8	87.1	0.0	-1.5	-0.6	-0.7	-0.8
Self-sufficiency rate (%)	102	102	103	102	103	103					

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 6.15 EU-28 cheese market balance (1000 t)

	EU-28						% variation				
	2014	2015	2016	2017e	2018f	2019f	15/14	16/15	17/16	18/17	19/18
Production (in dairies)	9 213	9 555	9 695	9 926	10 131	10 214	3.7	1.5	2.4	2.1	0.8
of which from pure cow's milk	8 478	8 705	8 773	8 962	9 145	9 221	2.7	0.8	2.2	2.1	0.8
of which from other milk ¹	735	850	923	964	985	993	15.7	8.5	4.5	2.2	0.8
EU-15 (in dairies)	7 843	8 127	8 202	8 348	8 515	8 574	3.6	0.9	1.8	2.0	0.7
EU-N13 (in dairies)	1 370	1 428	1 494	1 578	1 616	1 640	4.2	4.6	5.6	2.4	1.5
Processed cheese impact ²	346	333	332	330	327	325	-3.8	0.0	-0.8	-0.8	-0.8
Total production	9 559	9 888	10 028	10 256	10 458	10 539	3.4	1.4	2.3	2.0	0.8
Imports (extra EU)³	77	61	71	60	60	60	-20	15.0	-15.7	0.0	0.0
Exports (extra EU)	721	719	800	830	863	889	-0.3	11.3	3.7	4.0	3.0
Total domestic use	8 870	9 201	9 359	9 501	9 615	9 730	3.7	1.7	1.5	1.2	1.2
Stock changes	45	30	- 60	- 15	40	- 20					
Processing use	303	292	287	285	282	280	-3.4	-1.7	-0.9	-0.9	-0.9
Human consumption	8 567	8 908	9 071	9 216	9 333	9 451	4.0	1.8	1.6	1.3	1.3
of which EU-15	7 259	7 514	7 588	7 665	7 733	7 800	3.5	1.0	1.0	0.9	0.9
of which EU-N13	1 308	1 395	1 483	1 551	1 600	1 651	6.6	6.4	4.6	3.1	3.2
p.c. consumption (kg)	16.9	17.6	17.8	18.1	18.3	18.5	3.8	1.6	1.4	1.0	1.1
Self-sufficiency rate (%)	108	107	107	108	109	108					

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.**Table 6.16 EU-28 whole milk powder market balance (1000 t)**

	EU-28						% variation				
	2014	2015	2016	2017e	2018f	2019f	15/14	16/15	17/16	18/17	19/18
Production	756	717	728	746	760	760	-5.2	1.5	2.5	1.9	0.0
of which EU-15	695	665	680	703	717	717	-4.3	2.3	3.3	2.0	0.0
of which EU-N13	61	52	47	43	43	43	-15.3	-9.1	-8.3	0.0	0.0
Imports	1	4	6	2	2	2	181	44	-72	0	0
Exports	390	400	381	393	397	400	2.7	-4.7	3.1	1.0	0.7
Domestic Use¹	368	321	352	355	365	362	-12.8	9.8	0.7	2.9	-0.8
Self-sufficiency rate (%)	206	224	207	210	208	210					

¹ Domestic use includes stock changes.

Table 6.17 EU-28 skimmed milk powder market balance (1000 t)

	EU-28						% variation				
	2014	2015	2016	2017e	2018f	2019f	15/14	16/15	17/16	18/17	19/18
Production	1 457	1 538	1 561	1 519	1 558	1 545	5.5	1.5	-2.7	2.6	-0.9
of which EU-15	1 235	1 325	1 342	1 318	1 357	1 344	7.2	1.3	-1.8	3.0	-1.0
of which EU-N13	222	213	218	201	201	201	-3.9	2.4	-8.0	0.0	0.0
Imports (extra EU)	2	3	4	2	2	2	50	8	-33	0	0
Exports (extra EU)	648	692	575	779	818	891	6.8	-17	35	5	9
Domestic use	722	741	768	792	813	837	2.7	3.6	3.2	2.6	2.9
Ending stocks	170	279	501	451	381	200					
Private (industry)	170	250	150	75	85	130					
Public (intervention)	0	29	351	376	296	70					
Stock changes	90	109	222	- 50	- 70	- 181					
Self-sufficiency rate (%)	202	208	203	192	192	185					

Table 6.18 EU-28 butter market balance (1000 t)

	EU-28						% variation				
	2014	2015	2016	2017e	2018f	2019f	15/14	16/15	17/16	18/17	19/18
Production	2 258	2 336	2 377	2 370	2 444	2 456	3.5	1.8	-0.3	3.1	0.5
of which EU-15	1 997	2 059	2 078	2 064	2 126	2 136	3.1	1.0	-0.7	3.0	0.5
of which EU-N13	261	277	299	306	318	320	6.3	7.8	2.4	4.0	0.5
Imports	25	3	3	1	3	3	-90	14	-64	191	0
Exports	135	172	206	168	176	176	27	20	-19	5	0
Domestic use	2 119	2 157	2 194	2 228	2 271	2 293	1.8	1.7	1.5	1.9	1.0
p.c. consumption (kg)	4.2	4.3	4.3	4.4	4.4	4.5	1.6	1.5	1.3	1.7	0.8
Ending stocks	125	135	115	90	90	80					
Private	125	135	115	90	90	80					
Public (intervention)	0	0	0	0	0	0					
Stock changes	30	10	- 20	- 25	0	- 10					
Self-sufficiency rate (%)	107	108	108	106	108	107					

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.

MEAT

Table 6.19 EU-28 overall meat balance (1000 t carcass weight equivalent)

	EU-28						% variation				
	2014	2015	2016	2017e	2018f	2019f	15/14	16/15	17/16	18/17	19/18
Gross Indigenous Production	44 600	46 000	47 388	47 351	47 665	47 578	3.1	3.0	-0.1	0.7	-0.2
Live Imports	2	2	2	2	2	2					
Live Exports	197	247	291	310	315	320	25.2	17.8	6.6	1.5	1.9
Net Production	44 405	45 755	47 099	47 044	47 353	47 260	3.0	2.9	-0.1	0.7	-0.2
<i>EU-15</i>	36 900	37 825	38 701	38 436	38 563	38 329	2.5	2.3	-0.7	0.3	-0.6
<i>EU-N13</i>	7 505	7 930	8 397	8 607	8 790	8 931	5.7	5.9	2.5	2.1	1.6
Meat Imports	1 332	1 368	1 402	1 261	1 330	1 403	2.7	2.4	-10.0	5.4	5.6
Meat Exports	3 548	3 817	4 560	4 384	4 486	4 364	7.6	19.5	-3.9	2.3	-2.7
Consumption	42 189	43 307	43 940	43 920	44 196	44 299	2.6	1.5	0.0	0.6	0.2
Population (million)	508	509	511	513	514	515	0.3	0.3	0.3	0.3	0.2
Per Capita Consumption¹ (kg)	66.3	67.9	68.8	68.5	68.8	68.8	2.4	1.2	-0.4	0.4	0.1
Self-sufficiency rate %	106	106	108	108	108	107					

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 6.20 EU-28 beef/veal market balance (1000 t carcass weight equivalent)

	EU-28						% variation				
	2014	2015	2016	2017e	2018f	2019f	15/14	16/15	17/16	18/17	19/18
Gross Indigenous Production	7 656	7 833	8 087	8 112	8 047	7 950	2.3	3.2	0.3	-0.8	-1.2
Live Imports	0	0	0	0	0	0					
Live Exports	114	178	219	238	243	243	56.1	23.0	8.9	2.0	0.0
Net Production	7 542	7 655	7 868	7 874	7 804	7 706	1.5	2.8	0.1	-0.9	-1.3
<i>EU-15</i>	6 753	6 817	6 971	6 922	6 832	6 730	1.0	2.3	-0.7	-1.3	-1.5
<i>EU-N13</i>	790	838	896	952	972	977	6.1	7.0	6.2	2.1	0.5
Meat Imports	308	300	304	285	314	317	-2.6	1.4	-6.2	10.0	1.0
Meat Exports	207	209	243	269	275	267	0.9	16.5	10.7	2.0	-3.0
Consumption	7 643	7 746	7 928	7 890	7 843	7 757	1.3	2.4	-0.5	-0.6	-1.1
Per Capita Consumption¹ (kg)	10.5	10.6	10.9	10.8	10.7	10.5	1.0	2.0	-0.8	-0.9	-1.3
<i>Share in total meat cons. (%)</i>	18.1	17.9	18.0	18.0	17.7	17.5					
Self-sufficiency rate (%)	100	101	102	103	103	102					

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

Table 6.21 EU-28 pigmeat market balance (1000 t carcass weight equivalent)

	EU-28						% variation				
	2014	2015	2016	2017e	2018f	2019f	15/14	16/15	17/16	18/17	19/18
Gross Indigenous Production	22 772	23 464	23 884	23 688	23 889	23 803	3.0	1.8	-0.8	0.9	-0.4
Live Imports	0	0	0	0	0	0					
Live Exports	35	21	10	13	14	20	-41.9	-51.9	29.8	6.0	50.0
Net Production	22 737	23 443	23 875	23 675	23 876	23 783	3.1	1.8	-0.8	0.8	-0.4
<i>EU-15</i>	19 278	19 903	20 261	20 004	20 148	20 007	3.2	1.8	-1.3	0.7	-0.7
<i>EU-N13</i>	3 459	3 540	3 614	3 671	3 728	3 776	2.4	2.1	1.6	1.5	1.3
Meat Imports	14	11	12	14	15	22	-19.6	6.1	16.6	7.0	45.0
Meat Exports	1 947	2 217	2 812	2 558	2 622	2 490	13.9	26.8	-9.1	2.5	-5.0
Consumption	20 804	21 237	21 075	21 132	21 269	21 314	2.1	-0.8	0.3	0.7	0.2
Per Capita Consumption¹ (kg)	32.0	32.5	32.2	32.2	32.3	32.3	1.8	-1.1	0.0	0.4	0.0
<i>Share in total meat cons. (%)</i>	49.3	49.0	48.0	48.1	48.1	48.1					
Self-sufficiency rate (%)	109	110	113	112	112	112					

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

Table 6.22 EU-28 poultry meat market balance (1000 t carcass weight equivalent)

	EU-28						% variation				
	2014	2015	2016	2017e	2018f	2019f	15/14	16/15	17/16	18/17	19/18
Gross Indigenous Production	13 273	13 797	14 503	14 623	14 793	14 882	3.9	5.1	0.8	1.2	0.6
Live Imports	1	1	2	2	2	2					
Live Exports	11	10	10	8	8	8	-6.2	-7.6	-12.6	0.0	0.0
Net Production	13 263	13 787	14 495	14 617	14 787	14 876	4.0	5.1	0.8	1.2	0.6
<i>EU-15</i>	10 091	10 318	10 691	10 724	10 789	10 791	2.3	3.6	0.3	0.6	0.0
<i>EU-N13</i>	3 172	3 470	3 804	3 893	3 998	4 085	9.4	9.6	2.3	2.7	2.2
Meat Imports	821	855	882	789	823	878	4.1	3.2	-10.6	4.3	6.7
Meat Exports	1 361	1 370	1 486	1 523	1 555	1 573	0.7	8.4	2.5	2.1	1.2
Consumption	12 723	13 272	13 891	13 883	14 055	14 180	4.3	4.7	-0.1	1.2	0.9
Per Capita Consumption¹ (kg)	22.1	22.9	23.9	23.8	24.1	24.2	4.0	4.3	-0.4	1.0	0.7
<i>Share in total meat cons. (%)</i>	30.2	30.6	31.6	31.6	31.8	32.0					
Self-sufficiency rate (%)	104	104	104	105	105	105					

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

Table 6.23 EU-28 sheep and goat meat market balance (1000 t carcass weight equivalent)

	EU-28						% variation				
	2014	2015	2016	2017e	2018f	2019f	15/14	16/15	17/16	18/17	19/18
Gross Indigenous Production	899	907	914	928	935	943	0.9	0.8	1.5	0.8	0.8
Live Imports	0	0	0	0	0	0					
Live Exports	36	38	52	50	49	48	3.6	38.4	-3.7	-2.0	-2.0
Net Production	862	869	861	877	886	894	0.8	-0.9	1.8	1.0	0.9
<i>of which on-farm slaughterings</i>	110	101	103	107	108	108	-8.2	2.1	3.6	1.0	0.0
EU-15	778	787	778	786	794	802	1.1	-1.1	1.0	1.0	1.0
EU-N13	84	82	84	92	92	93	-2.6	1.7	9.7	0.8	0.5
Meat Imports	189	202	203	173	178	187	7.3	0.4	-14.9	3.0	5.0
Meat Exports	32	20	19	34	34	34	-38.1	-4.7	80.5	1.0	-2.0
Consumption	1 019	1 052	1 046	1 016	1 030	1 048	3.2	-0.6	-2.8	1.3	1.7
Per Capita Consumption¹ (kg)	1.8	1.8	1.8	1.7	1.8	1.8	2.9	-0.9	-3.1	1.0	1.5
<i>Share in total meat cons. (%)</i>	2.4	2.4	2.4	2.3	2.3	2.4					
Self-sufficiency rate (%)	88	86	87	91	91	90					

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

Table 6.24 Share of EU exports in volume by destination (%)

		Cereals	Soft wheat	Barley	Meat, offal, live	Beef*	Pork*	Poultry*	Infant Food	Dairy products	Cheese Curd	SMP and WMP	Whey powder	Olive Oil	Wine
China	2007	0	0	1	3	0	4	1	6	6	0	1	25	2	2
	2017	1	0	3	22	1	36	0	42	14	2	8	29	7	17
ASEAN	2007	2	1	4	4	1	4	5	12	14	1	15	32	1	2
	2017	2	1	7	10	8	10	13	3	18	3	20	42	3	2
North Africa	2007	36	55	13	0	4	0	0	11	13	6	26	3	1	0
	2017	28	33	14	2	11	0	1	8	11	7	22	2	1	1
Other Africa	2007	19	27	9	12	8	7	23	7	11	2	22	3	2	12
	2017	23	30	10	15	16	5	39	5	10	3	13	3	3	8
Middle East	2007	20	2	45	6	6	1	17	24	16	11	20	2	3	1
	2017	26	21	45	6	15	1	11	13	15	17	18	3	5	1
USA Mexico Canada	2007	0	0	0	3	0	4	0	4	8	24	2	1	50	37
	2017	1	0	2	3	1	5	0	2	7	20	4	1	43	35

Note: * meat, offal and live animals

Source: Comext-Eurostat

Table 6.24 Group definitions:

ASEAN: Myanmar, the Philippines, Thailand, Laos, Vietnam, Cambodia, Indonesia, Malaysia, Brunei Darussalam, Singapore

North Africa: Libya, Tunisia, Algeria, Morocco, Egypt

Middle East: Armenia, Azerbaijan, Lebanon, Syria, Iraq, Iran, Israel, Palestine, Jordan, Saudi Arabia, Kuwait, Bahrain, Qatar, United Arab Emirates, Oman, Yemen, Georgia

Other Africa: Sudan, Lesotho, Mauritania, Mali, Burkina Faso, Niger, Chad, Cape Verde, Senegal, Gambia, Guinea-Bissau, Guinea, Sierra Leone, Liberia, Ivory Coast, Ghana, Togo, Benin, Nigeria, Cameroon, Central African Republic, Equatorial Guinea, Sao Tome and Principe, Gabon, Congo, Democratic Republic of Congo, Rwanda, Burundi, St. Helena ascension and Tristan da Cunha, Angola, Ethiopia, Eritrea, Djibouti, Somalia, Kenya, Uganda, Tanzania, Seychelles, British Indian Ocean Territory, Mozambique, Madagascar, Mauritius, Comoros, Mayotte, Zambia, Zimbabwe, Malawi, South Africa, Namibia, Botswana, Swaziland

7. 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.

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 and intra-EU trade statistics).

Due to some inconsistencies in intra EU trade reporting, intra-trade is based on export figures only, i.e. imports of France are calculated as extra-EU imports plus exports of EU partners to France.

- Weekly commodity prices communicated to DG Agriculture and Rural Development by the Member States.

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 AGRI4CAST¹²), 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 over the 12 last years 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 starting with the harvest: July/June for cereals and Oct/Sept for sugar. Thus, area, yield and production figures of crops refer to the year of 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. Projections are based on information about the ethanol production development. Stocks are closing the balance for cereals¹³. 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.

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 crushing coefficients range from 94% to 98% for rapeseed, 89-91 % for soybeans and 85-89% 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.

Sugar: For sugar beet area, yield and production, the procedure is similar to the other arable crops. It includes sugar beets for sugar production and for ethanol production. The balance sheet includes only sugar beet production processed into sugar¹⁴ and white sugar. The link with white sugar production is made through the white sugar production as notified under the Common Market Organisation (CMO) for sugar. The presented balances do only consider white sugar (e.g. no isoglucose or products containing sugar) and take into account sugar beet production outside of the quota. Industrial and biofuel use is

¹² <http://mars.jrc.ec.europa.eu/mars/About-us/AGRI4CAST/Crop-Monitoring-and-Yield-Forecasting>

¹³ 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.

¹⁴ Sugar beet production processed directly into ethanol is not accounted for in the white sugar production.

based on historical data and projections based on information about ethanol production development. Stocks are taken from Member States notifications when they become available and therefore the balance closes over human consumption. When Member State information on stocks is not yet available or for the projections they are closing the balance. The reported stocks include carry-forward sugar.

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 equivalent¹⁵.

Production forecasts for the year 2018 and 2019 are based on annual and monthly data on slaughtering, livestock numbers, Member States expert forecast, on 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.

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 production¹⁶.

¹⁵ 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.

¹⁶ Milk statistics for the EU-N13 on-farm production of butter, cheese and other products has only recently become complete and has yet to be validated.

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

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 (monthly) production statistics due to confidentiality.

Dairy products production for year 2016 is based on Eurostat annual statistics, estimates for 2017 and projections for 2018 and 2019 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.

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. 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.

Trade is expressed in milk equivalent using the total solid methodology accounting for the non-fat and protein components of milk such as lactose. As a consequence, the milk coefficient of cheese (composed of fat and protein only) is lower with this methodology (3.58) than when accounting for fat and protein only (5.97). The other coefficients used are: 6.57 for butter, 7.57 for SMP, 7.56 for WMP, 7.48 for whey powder, 0.85 for drinking milk, 3.21 for cream and 0.98 for yogurts.

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