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Short-term outlook for EU agricultural markets in 2017 and 2018

HIGHLIGHTS

- EU cereal production expected to be below average for a further year, in a context of ample global supply.
- Significant increase of beet planted area in this first year without quota.
- Modest milk production growth in the EU, in a context of sustained demand for dairy fat.
- Good EU meat exports, but falling for pigmeat, owing to lower availability.

As a result of heatwaves and drought in various regions EU cereal production is likely to be slightly below average in 2017/2018 for the second year running, slowing down EU exports and tightening EU stocks. However, global supplies are expected to be ample, and world prices are not expected to rise significantly. Total oilseeds and protein crops production in the EU is expected to recover after 2 lower harvests. EU 2017/2018 white sugar production is forecast 20 % above 2016/2017, mainly driven by an increase in planted area. This production level is only 3 % above the 2014/2015 harvest.

Despite lower olive oil production in the EU and globally in 2016/2017, demand remains strong in non-producing countries, leading to high prices.

Milk production is expected to be higher than last year in the second half of 2017. The size of the increase will depend largely on weather and pasture conditions. A butter shortage, a strong cheese market and high SMP exports are the 3 main current features of the dairy market.

Good beef exports help to balance supply and demand on the domestic market. The dip in EU pigmeat production has pushed up prices and lowered exports. Poultry production and trade have resisted several episodes of bird flu (avian influenza) by diverting trade. EU sheep and goat production continues to rise, while meat exports are performing above expectations.

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.

Contents

1. Macroeconomic outlook
2. Arable crops
3. Olive oil
4. Dairy
5. Meat
6. Statistical annex
7. Methodology

This report presents the outlook for 2017-2018 as regards arable crops and meat and dairy markets in the EU. It is the result of analysis carried out by market experts in the European Commission's Directorate-General for Agriculture and Rural Development. It is based on data available up to 15 June 2017. The next issue is due in the autumn of 2017.

Directorate-General for Agriculture and Rural Development — Short-term Outlook — No 18

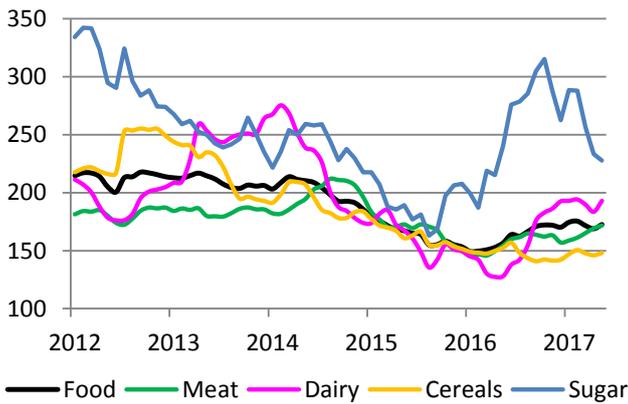
http://ec.europa.eu/agriculture/markets-and-prices/index_en.htm

1. MACROECONOMIC OUTLOOK¹

Stable food prices but volatile energy prices in 2017

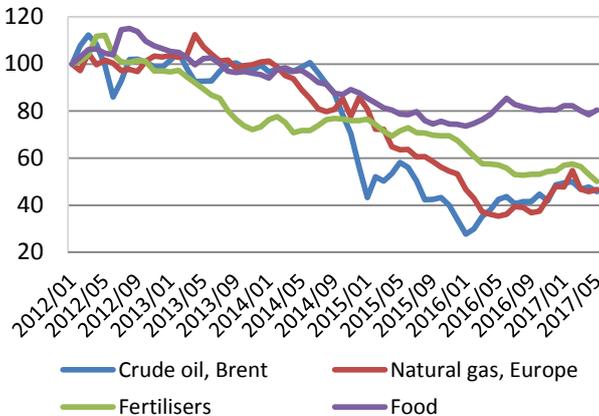
World food prices (commodity prices) have remained relatively stable since the second half of 2016, in line with stable cereal prices, while dairy prices and, more recently, meat prices, have recovered. World sugar prices, however, have started to fall. The World Bank forecasts relatively stable food prices in 2017-2018.

Graph 1 FAO price indices for the main agricultural commodities (2002-2004 = 100)



Source: DG Agriculture and Rural Development, based on FAO

Graph 2 Price indices of food and energy (2012 = 100)



Source: DG Agriculture and Rural Development, based on World Bank

During the early spring of 2017, the strong upward trend of the Brent crude oil price turned, and the price fell by 8 % between February and May. The fall has continued during the early summer. Concerns have been raised about the validity of commitments to restrict production levels, levels of stocks and production in the US shale oil sector. However, the demand for oil is expected to grow in 2017, which should lead to a price recovery. At the end of 2017, prices are expected to be above USD 55/barrel.

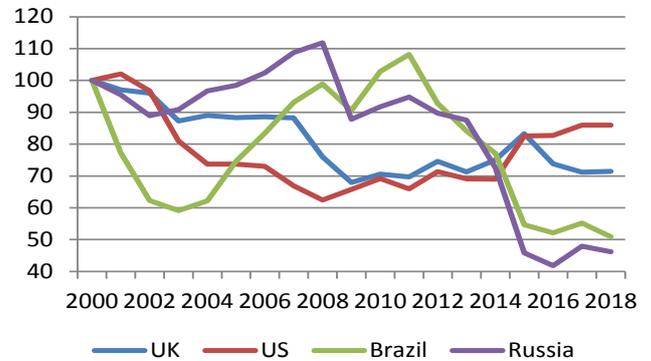
¹ Based on European Economic Forecasts (May), Markit (cut-off date 15 June 2017) and the World Bank (Commodity Markets Outlook and Global Economic Outlook).

The first quarter of 2017 saw a decisive break in the strong upward trend in natural gas prices in Europe. Between February and May, prices fell by almost 15 %, largely because mild weather reduced demand. This drove a 13 % drop in fertiliser prices over the same period. As the correlation between oil and gas price trends remains relatively strong, the gas price is expected to ultimately follow the oil price rise in 2017. By contrast, the fertiliser market is well supplied and the price projection for the year is therefore relatively stable, despite the higher energy prices expected.

Pound sterling expected to stabilise in 2017-2018

After further depreciation in the first half of 2017, the pound is expected to stabilise against the euro in 2017-2018. The uncertainties around the outcome of the referendum and, later, the Brexit negotiations, caused the pound to fall sharply against the euro in 2016. The US dollar has depreciated in the second quarter of 2017 to 1.13 USD/EUR in June, but the forecast at 1.09 for the year (IHS-Markit) remains unchanged, as the US economy is still expected to benefit from a fiscal stimulus. The downward trend for the Brazilian real and the rouble now seems to be broken, and both are forecast to appreciate temporarily against the euro in 2017, but to fall in 2018 (IHS-Markit).

Graph 3 Exchange rates EUR/local currency (2000=100)



Source: DG Agriculture and Rural Development, based on IHS-Markit (BRA, RUS) and DG Economic and Financial Affairs (US, UK)

Population

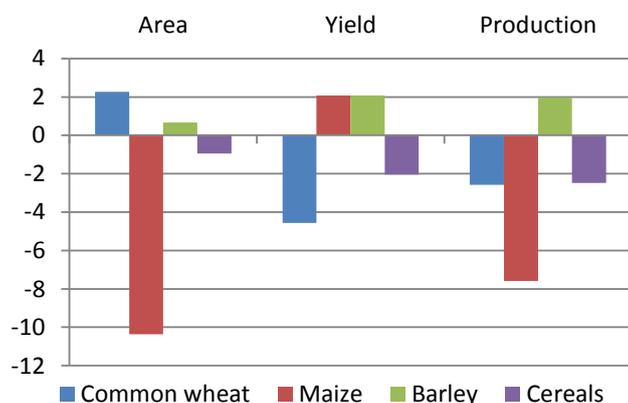
The EU-28 population is projected to grow by an average of about 0.3 % in 2017-2018. Projections differ considerably among EU countries, with continued higher growth in those that attract EU and foreign migrants: LU (+4.5 %), SE (+2.5 %), IE (+2.1 %). In several countries that have had a decreasing population trend over the last decade, the forecast for 2017-2018 is a further fall: LT (-3.3 %), RO (-1.5 %), HR (-1.4 %).

2. ARABLE CROPS

2016/2017 EU cereal harvest slightly below average, resulting in falling net exports

Last year's harvest, with a total EU cereal production consolidated at 294.6 million t, was 2 % below the last 5-year average. The total area under cereals also shrank, though more slowly. The situation differs between maize, where harvested areas are substantially lower than average (-10 % compared to the last 5-year average) and wheat and barley, which are slightly above. There were lower yields for common wheat in 2016/2017, while yields for barley and maize were above average. Overall, EU harvests of maize, common wheat and rye were substantially lower than average in 2016/2017, while the output of barley and durum wheat was good.

Graph 4 2016/2017 EU cereal area, yield, production compared to the last 5-year average (%)



Source: DG Agriculture and Rural Development

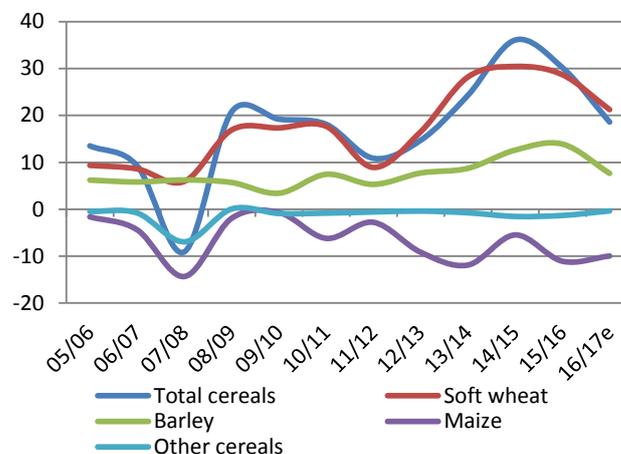
In 2016/2017, common wheat production was below average EU-wide, with a total of 134.4 million t. Lower harvests were recorded in France, Belgium and the Netherlands, owing to peculiar climatic conditions, as well as in Denmark, Finland and Greece. By contrast, there were good harvests, over 10 % above the last 5-year average, in central, eastern and south-eastern Europe (the Baltic countries, Poland, Austria, Slovakia, Hungary, Romania and Bulgaria). Additionally, overall quality of the soft wheat harvest was poor. Both the acreage and the yields of durum wheat increased. The result was a good harvest, particularly in Italy and Spain, with a total close to 9 million t.

Barley production remained at a high level, around 60 million t for the fourth consecutive year, with particularly good harvests in Spain and Romania (nearly 30 % above the last 5-year average). However, output fell in France by 9 %.

Maize production was excellent in Hungary and other central European countries, such as Slovakia. However, it suffered from adverse weather conditions in many other parts of Europe, including south-

eastern Europe (Romania and Bulgaria, where output was 15 % below the average level) and north-western Europe (output in Belgium, France, Germany and the Netherlands was more than 20 % below average).

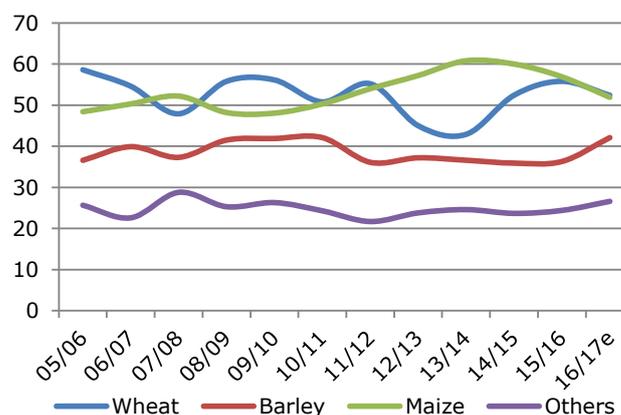
Graph 5 Net EU trade in cereals (million t)



Source: DG Agriculture and Rural Development

In the 2016/2017 marketing year, net EU exports of cereals fell for the second year running to below 20 million t, compared with the 2014/2015 record of close to 40 million t. The main reason for the drop is a significant slowdown in exports of common wheat and barley, due to the lower availability of wheat supply and the lower demand for barley on the world market, particularly from China.

Graph 6 EU cereal feed use (million t)

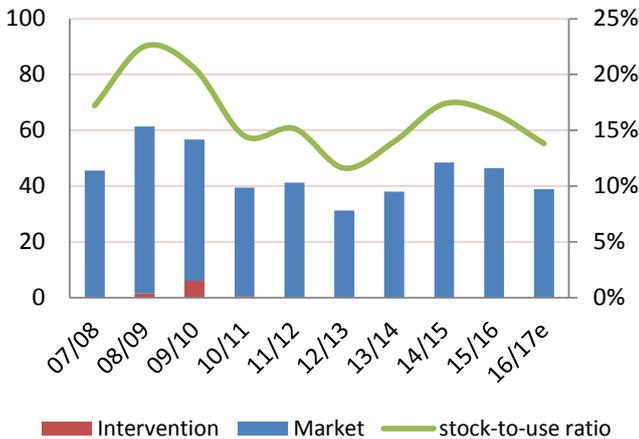


Source: DG Agriculture and Rural Development

Animal feed remains the main use of cereals. In 2016/2017, following a downward adjustment of animal production (in particular pigmeat and milk), the quantities of cereals used in feed did not increase for the first time since 2011. The total quantities of cereals used for feed in the EU – principally wheat, maize and barley – came to 173 million t in 2016/2017. The quantity of barley used for feed increased significantly because of the drop in exports combined with a relatively large EU harvest. The

quantities of wheat used for feed have decreased, given limited availability and following a longer-term downward trend. In contrast, there is a growing trend in the use of maize for feed, but poor availability in the EU in 2016/2017 within the EU meant it was less used in this particular year.

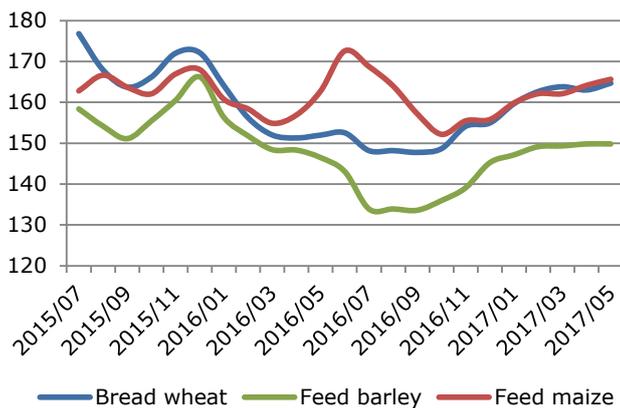
Graph 7 EU cereal stocks (million t) and stock-to-use ratio (%)



Source: DG Agriculture and Rural Development

The final stock-to-use ratio for all cereals in June 2017 is forecast to fall significantly by comparison with the past, reaching 14 % (a level similar to the one in 2013/2014, one of the lowest of the last decade.) Stock levels are particularly tight for wheat and barley, with a stock-to-use ratio of respectively 10 % and 11 %.

Graph 8 EU cereal producer prices (EUR/t)



Source: DG Agriculture and Rural Development

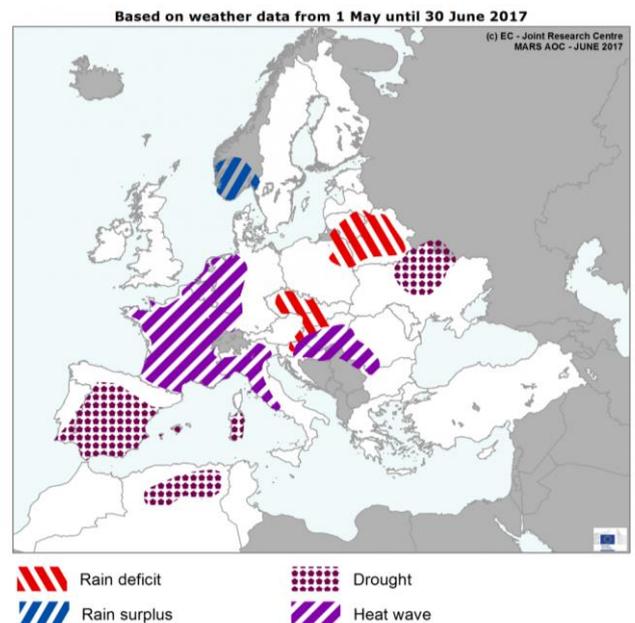
In this context of falling stocks, EU cereal prices rose slightly, particularly for wheat and maize in the second half of the marketing year. However, they remained at moderate levels -, between 160 and 170 EUR/t for wheat and maize - because 2016/2017 has been confirmed as having the largest global cereal harvest in history. Despite record consumption levels, global stocks are expected to rise further at the end of

2016/2017 to over 500 million t. The large global supply tends to maintain prices at lower levels than those of the last decade.

2017/2018 EU harvest below average due to reduced sown areas and adverse weather

Sown areas for 2017/2018 are likely to be slightly lower than for the previous marketing year. With 56.2 million hectares of cereals, the total area is 1.3 % less than the previous year (and thus 2.3 % below the last 5-year average). Areas sown with maize, sorghum, triticale and rye are substantially below the last 5-year average (-6 to -11 %), while barley and common wheat are only slightly below the last 5-year average. However, durum wheat and, to a lesser extent, oats, are expanding.

Map 1 Areas of concern – extreme weather events



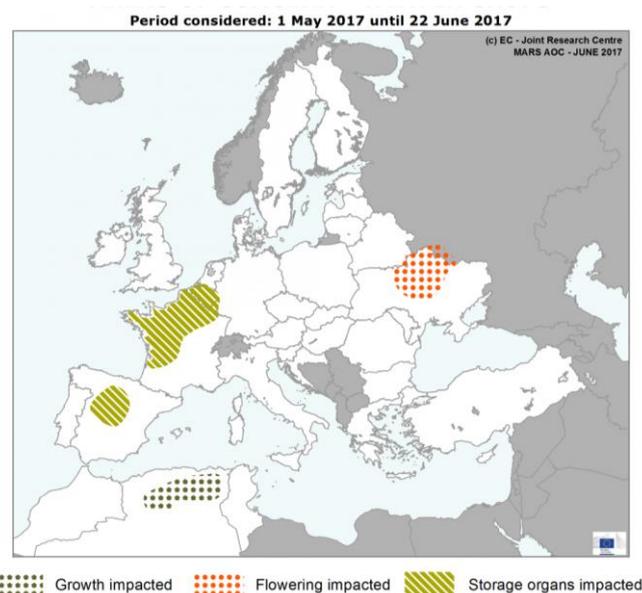
Source: Mars-Bulletin Crop Monitoring in Europe 25(6) <http://mars.jrc.ec.europa.eu/mars/Bulletins-Publications>

In terms of yield, the spring weather conditions in the EU have hampered crop development. Cereal yield seems to be particularly low in Spain, where a significant drought and persistently hot and dry weather have significantly affected crop development. Projected winter barley yield in Spain is 21 % below the trend, while spring barley is 33 % below. Another area of concern is north-western France and Belgium, where the combination of a dry May and a hot June resulted in unfavourable conditions for most winter and spring crops. Wider areas, including the Netherlands, Germany, northern Italy and central Europe, were hit by a severe heatwave in June. In some of these areas, such as northern Italy, yield potential has probably already been affected, given the advanced stage crops have reached. In others, such as the Czech Republic and Slovakia, there may still be time for recovery if rain restores soil moisture. In south-eastern Europe, soil moisture conditions are

good, thanks to ample rainfall in spring, and there are fewer concerns. The availability of water later on in the summer will determine the real potential for maize production.

Winter and spring crops yields forecast for 2017/2018 are therefore below trend, either slightly for common wheat, triticale and oats (-1 to -2 %) or more substantially for durum wheat (-6 %), barley (-8 %) and rye (-11 %). Given the many areas with the weather concerns described above, the outlook remains subject to downward risks.

Map 2 Areas of concern – winter crops



Source: Mars-Bulletin Crop Monitoring in Europe 25(6)
<http://mars.jrc.ec.europa.eu/mars/Bulletins-Publications>

In such conditions (decreasing area, yields under historical trends), the EU's total cereal production is expected to be below 300 million t for the second consecutive year (at 298 million t, i.e. 3.4 million t more than in 2016-2017 (+1.2 %), but far less than in the preceding years). Common wheat production is returning to a higher level than last year, at 139 million t (+3 %). Durum wheat production would be maintained at a steady level of 8.8 million t, slightly below last year's bumper crop (-4 %) but above recent historical levels. Barley production, however, is expected to fall to its lowest level since 2012/2013, to 57 million t (4 % lower than last year). It is still premature to predict the maize harvest with a similar degree of certainty, as the crop develops later in the summer; however, the reduction in the area sown already suggests that 2017-2018 could be closer to 60 million t, for the third consecutive year, than to 65 million t (the yield in previous years.)

Weather conditions in July and August will be key to assessing the real impact on grain filling of the June heatwave. In several regions, rain is needed to improve soil moisture and crop conditions before harvesting. For maize, water availability is one of the key determining factors of the final harvest.

Another year of global abundance

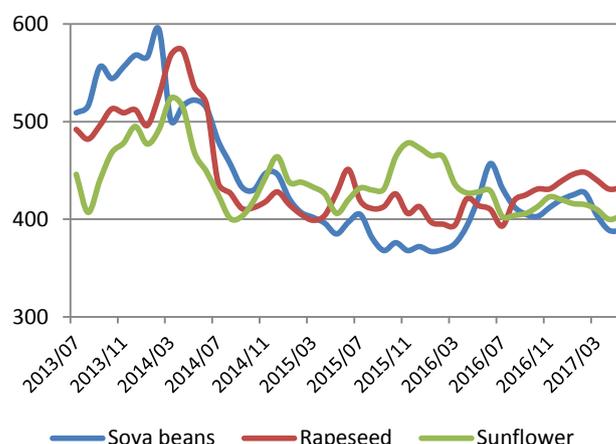
The global cereal harvest for 2017/2018 is expected to be substantial, though smaller than the previous record one. Total cereal production is estimated at about 2 050 million t, according to various sources (IGC, USDA and AMIS-FAO), around 3 % below the 2016/2017 harvest. However, with a high level of supplies following 2 ample harvests, global markets are considered to be set for another ample harvest year. Stocks at the end of 2017/2018 are projected to fall only slightly compared to the current year.

Projections for wheat range between 736 and 740 million t, which is 2 % below last year's record crop. Following adverse weather conditions and lower planting, a lower supply is expected from some producers, such as the US and Canada. Drought in Ukraine has adversely affected some marginal areas of production, though the loss in output is not expected to be very large. So far, growing conditions in Russia, a major world producer, have been excellent, and a new bumper crop is expected there in 2017/2018.

As regards world maize production, IGC and the USDA forecast a slight decrease following last year's record, to between 1 026 and 1 032 million t (-3 % to -4 %).

Large global oilseed supplies in 2016/2017 contrast with reduced EU rapeseed production

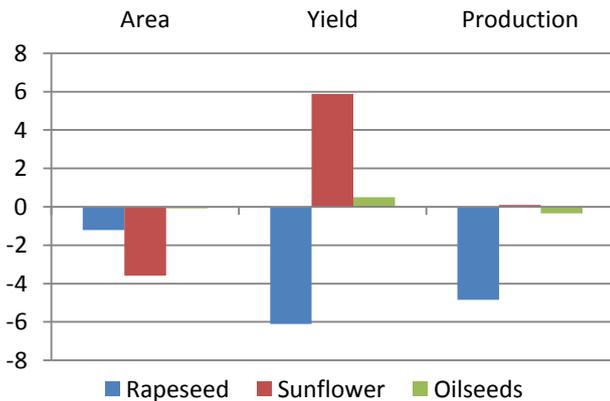
Graph 9 International price of oilseeds (USD/t)



Source: DG Agriculture and Rural Development, based on FAO Food Price Monitoring and Analysis Tool

The global oilseed harvest in 2016/2017 reached unprecedented levels. The USDA put it at over 570 million t, 7 % above the previous year. This was driven by excellent yields for soya beans in the major production areas: the US, Brazil and Argentina. Total soya bean production reached the record figure of 351 million t (+13 % year-on-year). This kept prices at moderate levels, particularly for soya beans, even though the lower availability of palm oil was pushing in the opposite direction.

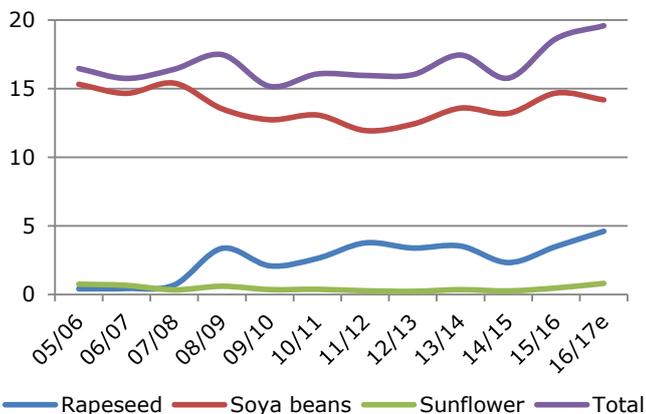
Graph 10 2016-2017 EU oilseed area, yield, production compared to the last 5-year average (%)



Source: DG Agriculture and Rural Development

By contrast, the EU 2016/2017 harvest was rather low, estimated finally at 30.7 million t (4 % less than in the previous year and 0.4 % below the last 5-year average). Rapeseed production was particularly poor, with 19.7 million t (10 % below the previous year). Production was significantly lower than in the preceding year in the EU’s 4 main producers (-30 % in the UK, around -20 % in France and Poland, -8 % in Germany) and this was only partially offset by good harvests in Romania and the Czech Republic. Sunflower production, however, was 9 % above the previous year, thanks to an excellent harvest in Hungary (+22 %) and good harvests in Bulgaria and Romania (+6 % and +9 % respectively), despite water concerns. The soya bean harvest also surpassed the previous year’s, at 2.5 million t (+5 %), the sixth consecutive increase in as many years. Production rose in countries including Austria, Croatia, France and Hungary, whereas it fell by 3 % in Italy, the EU’s biggest producer.

Graph 11 EU oilseed imports (million t)



Source: DG Agriculture and Rural Development

As a result of this poor harvest across the EU, EU oilseed imports rose significantly to 19.6 million t in 2016/2017. Rapeseed was most affected, with imports rising by 32 % compared to 2015/2016). Imports of

meal, however, fell to 22 million t (8 % below the previous year).

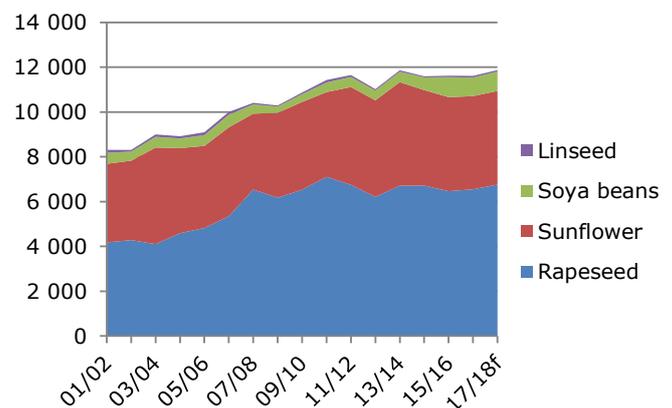
This fall in EU oilseed production again reduced the EU’s self-sufficiency rate in this crop, which fell to 62 % in 2016/2017 (having reached a record high of 72 % in 2014/2015).

Bigger EU oilseed harvest in 2017/2018

World oilseed production in 2017/2018 is projected to rise further to 573 million t, representing an additional 1 % increase, thanks to a better outlook than last year for rapeseed and sunflower seed. Although areas are projected to increase by 5 %, soya bean production is forecast (at a very early stage in the season) to be slightly lower than the previous harvest, at 348 million t (1 to 2 % below last year’s production).

In the EU, areas planted with oilseeds seem to be increasing to a record high at nearly 11.9 million hectares. The EU rapeseed area would recover its level of 2011/2012 increasing by 211 000 ha (+3 % compared with the previous year). This increase is particularly noticeable in the Czech Republic (+4 %), the Baltic countries (+34 %), Hungary (+10 %), Poland (+7 %) and Romania (+18 %). However, the area sown with oilseeds is expected to fall in Germany (-3 %), the UK (-5 %) and France (-6 %). Positive but smaller changes in sunflower and soya bean area are expected, by 23 000 ha for sunflowers and 43 000 ha for soya beans.

Graph 12 EU oilseeds area (1000 hectares)



Source: DG Agriculture and Rural Development from Eurostat

The spring weather in the EU, especially the cold spell in late April and early May in central Europe, could have damaged rapeseed at the time of flowering. However, the crops seem to have recovered to some extent, thanks to more favourable weather later on in May, particularly in Poland.

The 2017/2018 EU oilseed harvest is expected to be higher than in the two previous years, up to 33 million t, 8 % above last year and 6 % above the last 5-year

average. Estimated EU rapeseed yields remain below trend at 3.2 t/ha, but they are 7 % higher than last year. The total rapeseed harvest is therefore expected to reach nearly 22 million t (10 % above last year and 4 % above the last five-year average). The harvest could be above average in the Baltic countries, Hungary, Poland, Romania, Slovakia and Sweden, while it may be below average in the Czech Republic, France, Germany and the UK. Sunflower seed production is expected to rise by 5 % to 9 million t, while the soya bean output is expected to grow by 2 % to 2.5 million t.

2017/2018 protein crop area remains high

For protein crops (field peas, broad beans and lupins), the total area sown is expected to stabilise at the

relatively high level it reached in 2016/2017, 1.8 million ha, reflecting the maintenance of the favourable policy framework. In terms of production, the increase in area and the fact that the yield is expected to be better than in 2016/2017 should result in a further rise to 4.9 million t (a level unprecedented since 1999).

Further assessment is needed of the impact on protein crop and soya bean production of the forthcoming changes to the rules on the use of plant protection products in Ecological Focus Areas, bearing in mind that other important policy tools (in particular coupled support) will remain in place.



Higher EU sugar production but low stocks in 2016/2017

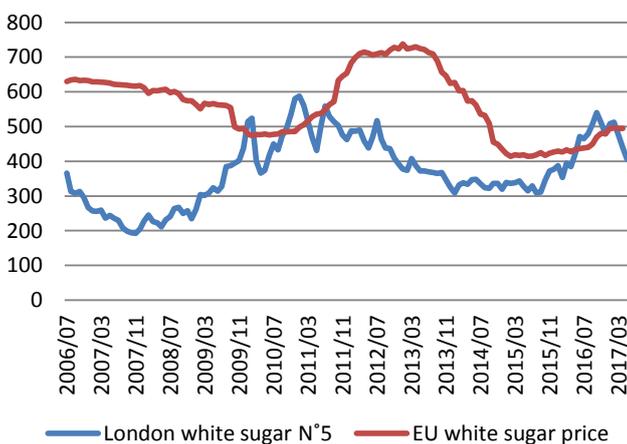
With the 2016/2017 marketing year coming to an end after the summer, the numbers are close to be consolidated. EU white sugar production is estimated at 16.8 million t, up 13 % from 2015/2016. With average import and export volumes - although imports from LDCs are lagging behind slightly - and no major changes in consumption, end stocks for 2016/2017 are now estimated at 1.3 million t (including carry-forward). This stock level is 33 % lower than that in 2015/2016, which was already considered low.

EU white sugar prices continued their upward trend until January, but seem to have stabilised since, reaching EUR 495/t in March 2017. This upward trend was supported by relatively low availability on the EU market and the world sugar deficit over the last 2 marketing years. The world deficit for 2016/2017 is now estimated at -5.9 million t (ISO), making this the second year in a row with an overall production deficit.

Falling world sugar prices

For the same reasons, world sugar prices rose between the end of 2015 and February 2017, when the world white sugar price reached EUR 513/t, higher than the average white sugar price in the EU. Since then, the world prices of both white and raw sugar have been falling.

Graph 13 World and EU white sugar prices (EUR/t)



Source: DG Agriculture and Rural Development, based on EU countries' notifications and the London International Financial Futures and Options Exchange

There are several reasons for the drop in prices. Output rose unexpectedly in Pakistan, reducing the sugar deficit for 2016/2017. At the same time, the further devaluation of the Brazilian real has pushed prices down. A weak real makes sugar production more profitable in comparison with ethanol, as sugar prices are denominated in dollars. This effect was

amplified by Petrobras's announcement that it would be cutting the average petrol price in Brazil. In addition to these short-term drivers, the outlook for the 2017/2018 marketing year also contributes to a bearish price outlook. Global production is expected to rise, with higher production in Asia, Europe and Africa, while consumption is expected to grow only moderately. It is forecast that this will result in a global sugar surplus of 2.6 million t after 2 consecutive years with a deficit.

The low-end stocks in 2016/2017 provide some continued support for EU sugar prices. However, going into 2017/2018, the EU price is expected to fall owing to a larger supply, both worldwide and specifically in the EU, as the sugar quota system expires.

EU farmers have significantly expanded the beet area

EU farmers have just planted the first crop for 5 decades that will not face any type of market restrictions. First observations show that the EU area sown with sugar beet for the 2017/2018 marketing year has grown significantly by comparison with 2016/2017. However, the increase is only 16 % over the previous year and only 5 % over 2013/2014. It is mainly countries in the competitive production region, the 'sugar belt' - such as Belgium, France, Germany, the Netherlands and Poland - that have significantly increased the area sown with sugar beet in order to capture new market opportunities. Other countries' production area is closer to the 5-year average. This confirms that sugar beet production is increasingly concentrated in the competitive regions.

Production figures for 2017/2018 are still uncertain at this point in the year, as the summer weather will be crucial for sugar beet yield and sugar content. The weather has been fairly good for sugar beet, although the season has so far been warmer and drier than average. The yield is currently forecast at 73.4 t/ha or 3.8 % above the 5-year average.

EU white sugar production for 2017/2018 is now forecast at 20.1 million t, 20 % above 2016/2017, but only 3 % compared with 2014/2015. Imports are expected to fall to 1.5 million t (-49 %) because of the expected drop in EU white sugar prices and the alignment of the EU and world prices. With EU sugar use not expected to change significantly, this should lead to a substantial over-supply on the EU market. This sugar can either be stocked or exported to the world market, and exports are expected to double to 2.8 million t. The abolition of the EU quota regime means that the quantitative WTO limit on subsidised exports of EU sugar will also disappear. This would lead to very low end-stocks at 1 million t, slightly below the stocks in place in early 2017/2018. Export volumes will depend on the relation between the world price and the EU price of white sugar and on the white sugar premium during the marketing year.

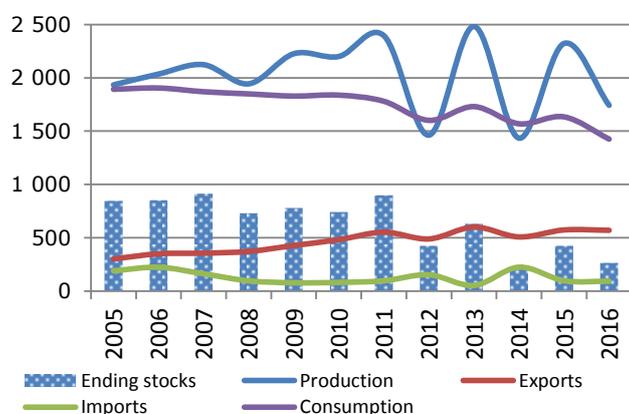
3. OLIVE OIL

Lower production in 2016/2017

It is estimated that the 2016/2017² EU production of olive oil will be only 1.74 million t, 25 % less than in the previous marketing year and 15 % below the last 5-year average. The drop is particularly marked in Italy, whose production, at only 182 000 t, is 57 % below the last 5-year average. France, with a production 36 % below the last 5-year average, and Greece (29 % lower), are also affected. In Spain, production is 9 % down on the previous year, close to the last 5-year average). The reason for the fall is unfavourable weather, with summer humidity favouring the breeding of the olive fly, while cold and windy conditions have affected fruit setting in Italy. Intense heatwaves in May-June have lowered production in Spain, Portugal and Greece, while the average oil yield of Spanish olives is lower than usual.

Production in the rest of the world is also lower than usual, with a total of 789 000 t in 2016/2017, 6 % below the already short previous harvest. The decrease was particularly marked in Tunisia and Morocco. Turkey was the only country to increase its output.

Graph 14 Supply balance sheet for EU olive oil supply (1000 t)



Source: DG Agriculture and Rural Development, based on data from EUROSTAT, the COI and EU countries

Steady exports imply low stocks and high prices

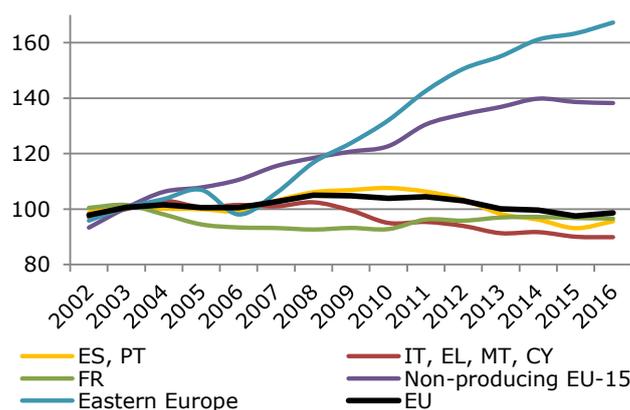
EU exports held particularly well in the first 7 months of the 2016/2017 marketing year, 5 % above the same period in the previous marketing year. Conversely, EU imports fell by 13 %. Over the full marketing year, exports to non-EU countries should remain close to their historical peak at around 570 000 t.

This means consumption is likely to fall within the EU, with particularly significant decreases in the producing

countries (-17 % compared to the last 5-year average, as derived from the supply balance sheet). Consumption is expected to remain above the last 5-year average in the non-producing EU-15 countries (+2 %) and in the non-producing EU-N13 (+11 %).

A drop in consumption has been recorded, for instance in sales of bottled olive oil in Spain, which are 13 % below October to April last year, though the fall in sales of extra virgin olive oil (ANIERAC) was less marked. This slowdown is taking place in a context of structural stabilisation of EU consumption. Following a boost to retail sales of bottled olive oil in the late 2000s (in Spain and non-producing countries) and a fall during the crisis, EU sales have stabilised over the last few years. The reasons for this are a slight increase in Spain, Portugal and France and the fact that eastern Europe is offsetting the continuing downward trend in other Mediterranean producing countries (particularly Italy and Greece). Consumption in non-producing western European countries seems to have stabilised, showing that these markets have reached a certain level of maturity.

Graph 15 Structural trends in retail sales of bottled olive oil (index 100 = 2002-2004)



Source: DG Agriculture and Rural Development, based on Euromonitor

Stocks are therefore likely to be low at the end of the marketing year (30 September 2017), close to their record low of 2 years ago, at 250 000 t, i.e. 12 % of the average EU use of olive oil (consumption plus exports).

Prices have been rising since the beginning of the marketing year. The EU virgin olive oil price is now close to EUR 400/100 kg (May 2017). Since the beginning of the marketing year, producer prices for virgin olive oil have averaged a level 40 % above the last 5-year average. With the market situation as described above, prices will not be falling before the end of the marketing year.

² The olive marketing year runs from 1 October to 30 September.

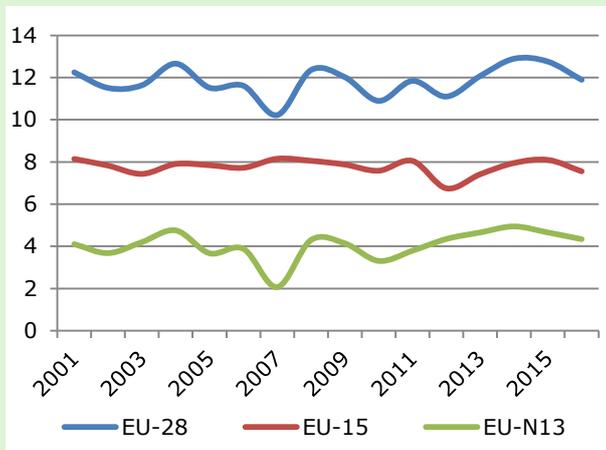
A 2017-2018 olive harvest under scrutiny

It is premature to release a projection for the future production of olive oil after October 2017. So far, the weather has allowed a good flowering in Spain, despite hot and dry conditions (see Map 1). Production potential may be affected if such conditions persist, and it will be necessary to monitor precipitation and the availability of water for irrigation.

Apples: smaller harvest to come in a context of lower consumption

EU production for the current season (2016/2017³) could amount to 11.9 million t, 3 % below the last 5-year average. Climate events in April and September 2016 affected production, but the harvest remains the 4th largest in the last decade.

Graph 16 EU-28 apple production, million t



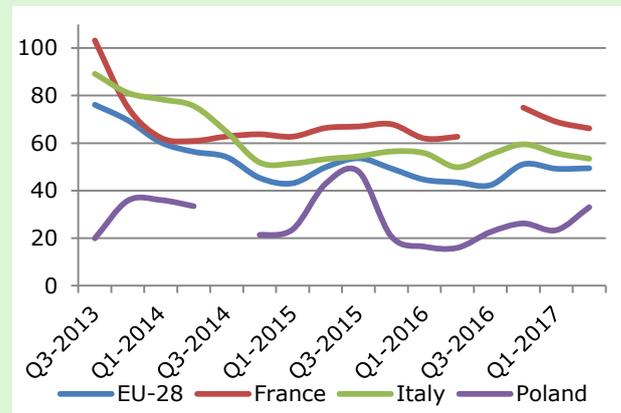
Source: DG Agriculture and Rural Development based on Eurostat

The upcoming season (2017/2018) will be affected by the bad weather (frost and hailstorms) of the second half of April and the first half of May. These phenomena have affected a number of fruit and vegetable crops across Europe, including apple orchards. Within the EU, substantial damage has been reported in Poland, Belgium and Austria, as well as in certain regions of Germany, France and Italy and some central EU Member States. Actual production losses will depend not only on the weather, but also on the extent to which farmers took measures to mitigate frost, particularly during the flowering phase.

It remains difficult to conduct a comprehensive assessment of the damage which may vary considerably across regions. The 2017/2018 EU crop might be below 10 million t, i.e. the lowest harvest in the last 10 years. It is also likely that the adverse weather will affect fruit quality, especially size. The reduced supply and the ultimate product quality are expected to affect prices during the next season.

So far, EU apple prices have generally remained around the usual seasonal levels in 2017. However, after the second cold spell in mid-May, prices shot up in certain EU countries, peaking at 40 cents/kg in Poland. This could be linked to temporarily lower sales of stocked products, in expectation of higher prices. However, Polish prices returned to 25 cents/kg by the end of May. Prices in the rest of the EU (e.g. France or Italy) have so far been less affected by expectations with regard to the 2017-2018. The extension until the end of June 2018 of exceptional measures for fruits affected by the Russian ban provides a safety-net for apple growers.

Graph 17 Fresh apples, quarterly producer price (EUR/100 kg)

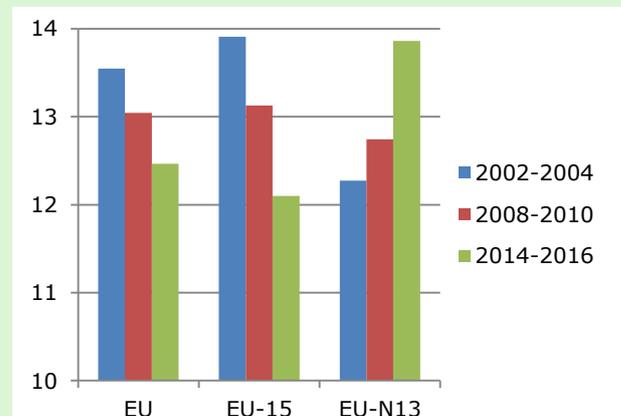


* April-May 2017

Source: DG Agriculture and Rural Development

If there is any rise in fresh apple prices in 2017/2018, it would occur in a general context of declining consumption. Sales of fresh apples in the EU-28 have fallen by over a kilo per capita in the last 12 years, i.e. by 8 %. The fall is more marked in the EU-15 (-13 % in the last twelve years), whereas per capita sales continue to rise steadily in the EU-N13 (+13 %). This trend of falling consumption could limit price increases, thereby increasing the importance of EU exports for the EU apple sector.

Graph 18 Total sales (retail + food services) of fresh apples (kg/cap)



Source: DG Agriculture and Rural Development, based on Euromonitor

³ The apple marketing year runs from 1 August to 31 July.

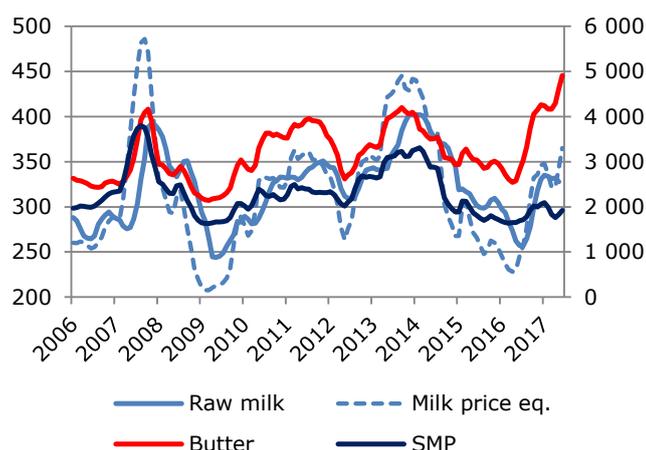
4. DAIRY

The EU milk price supported by strong butter prices and good exports

Since the beginning of the year, the EU raw milk price has stabilised at around EUR 33/100 kg, supported by the decline in EU milk collection, strong demand for butter and cheese, and strong EU exports in a context of lower supply in South America and New Zealand.

The difference between the prices of butter and skimmed milk powder (SMP) has never been so great. EU butter prices reached the historic level of EUR 5 000/t in mid-June, driven by world and EU demand in a context of supply scarcity. Thanks to good export demand and reduced supply, the EU SMP price also rose, albeit at a lower rate, moving away from public intervention levels. The current butter price is so high that even when calculated with low SMP prices, the equivalent raw milk price remains remunerative.

Graph 19 EU dairy prices (EUR/t)



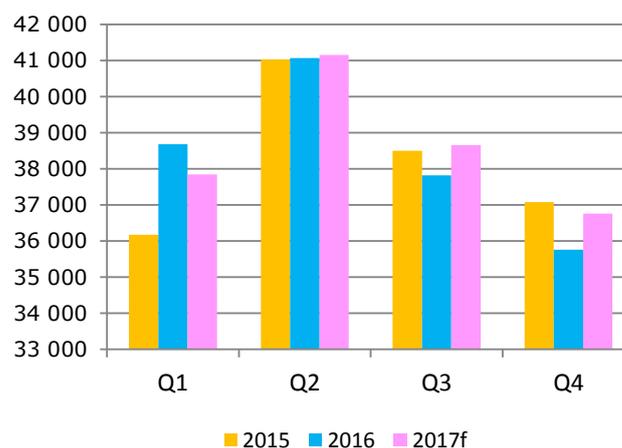
Note: The milk price equivalent is based on butter and SMP prices
Source: DG Agriculture and Rural Development

Over the next few months, several factors will affect EU milk price trends. The first of these is the change in world supply. After a milk season with unfavourable weather and very low prices leading to a reduced milk collection in New Zealand for the second consecutive season, the strong rise in milk prices could favour a significant recovery in milk collection there at the September-January seasonal peak. In addition, the US supply is expected to increase by around 2 %. EU milk collection has started to fall in line with the milk season, but more milk than last year is expected in the second half of the year. Moreover, the high SMP stocks continue to be a feature of market reality. However, domestic and global demand (especially from Asia) is good, and this will help support world market prices.

Contrasting trends in EU milk collection

In 2017, EU milk collection is expected to increase by 0.7 %, driven by significant increases in Ireland, Poland, the UK and Italy. In contrast, it is expected to decline in Germany and France, mainly because of unfavourable weather conditions, and in the Netherlands, because of the obligation to reduce the dairy herd in order to cut phosphate emissions.

Graph 20 EU milk collection by quarter (1000 t)



Source: DG Agriculture and Rural Development, based on Eurostat

Up to April, EU milk collection was 1.5 % below the 2016 level. After a steep fall compared to 2016 in the first two months of the year (even more so because February has one day less), milk collection reached the previous year's level in several EU countries. Trends in milk collection in the second half of the year will largely depend on the amount of rain that falls in the next few weeks, which will determine the quality and quantity of forage. After several difficult years, many farmers are running their farms with lower levels of inputs. If the milk price were to rise further, farmers might buy more feed concentrates and produce more milk. At any rate, a substantial increase is expected in the last quarter compared to the low milk production in 2016. A further increase in milk collection, so far projected at the medium-term annual growth rate (+0.9 %), is expected in 2018.

Major productivity gains expected, but a lower fat content

In December 2016, the number of dairy cows in the EU continued to fall (-0.4 %). The fall was very small in view of the extensive cow slaughterings in 2016 (+8 %) and was due to a very high replacement rate for more productive heifers.

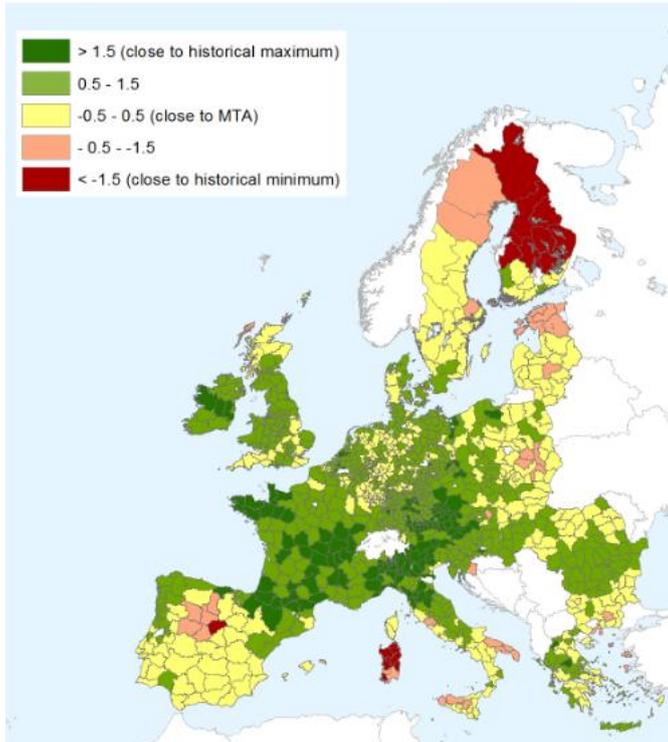
In the first four months of 2017, the number of cows slaughtered (both beef and dairy) decreased by 3 % over the previous year.⁴ This represents a significant slowdown compared with the previous year. Moreover,

⁴ In heads, with February 2016 adjusted.

the slowdown is far more noticeable if the Netherlands is excluded from the calculation. The number of dairy cows is nevertheless expected to decline further in December 2017 (-1.4 %) on the basis of a lower replacement rate.

Map 3 Relative index of pasture growth

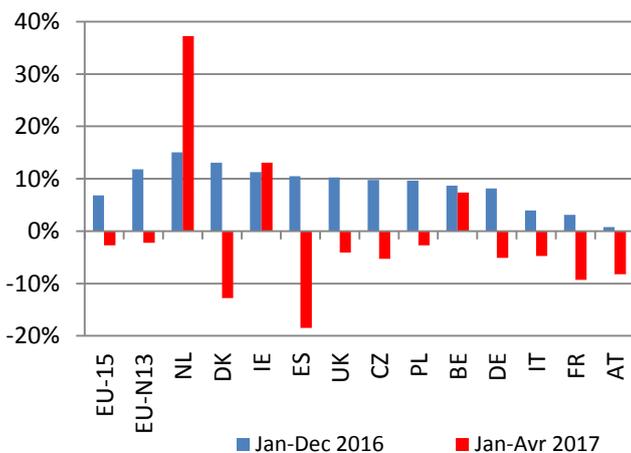
Period of analysis 1 April — 10 June 2017
 Index based on METOP-AVHRR smoothed fAPAR10-day product.
 Historical archive (MTA) from 2008 to 2017



Note: This index is a summary indicator of biomass formation. A value of 0 indicates that biomass production in the current season is close to the long-term average (2007-2015).

Source: Mars <http://mars.jrc.ec.europa.eu/mars/Bulletins-Publications>

Graph 21 Change in numbers of cows slaughtered in the EU



Source: DG Agriculture and Rural Development, based on Eurostat

Significant yield increases are expected in Europe (+2 %), thanks to the heifers incorporated in the herd. However, this increase will be limited by the quality and availability of forage and the farmers' lack

of funds to buy concentrates. Moreover, the fat content of milk is expected to fall by 0.7 %, especially in the EU-15, because of less energy-rich cows' feed.

Trends in milk collection in major EU producing countries

The hot and dry weather conditions in spring had a particular impact on milk collection in France, where — given the number of dairy cows on farms, milk production fell more than expected (-2 %). In the second half of the year, production is expected to be above last year's low levels, mainly because of higher production in western France, where the rain in early May boosted the growth of grass (see Map 3).

In the first five months of the year, milk collection in Germany fell by nearly 4 % from the high level registered in 2016. German adjustment aid rewarded farmers for not increasing production in February-April over 2016 levels. In addition, cold weather delayed the growth of grass. As in France, production recovery in May and June was lower than expected. It is only in the coming weeks that milk collection may possibly reach and surpass the previous year's level.

Although the number of cows slaughtered in the Netherlands was up by nearly 40 % in the first four months of 2017, there was no fall in milk collection up to May, if the figures are adjusted to take account of February. The least productive cows were replaced by highly productive heifers. In addition, it is possible for dairy farmers who increased both their herd and their land to be exempted from the obligation to reduce their herd. However, the Netherlands remains subject to the obligation to reduce phosphate emissions, so the country can keep its derogation on nitrates. Milk collection is therefore expected to slow further in the second half of the year. However, yield increases will partly offset herd reduction, and 2017 may see a smaller drop in milk collection than anticipated (-1.5 %).

By contrast, thanks to an abundant dairy herd and good grass productivity, Irish milk collection jumped by 14 % in April over the previous year, and a 7 % increase is expected for the year as a whole. Good pasture will also enable milk production in the UK to recover. In Poland and Italy, milk collection is growing steadily, driven by good market conditions. Despite the reduced productivity of grassland in Spain, milk collection is expected to rise further, given the country's greater higher reliance on purchased feed.

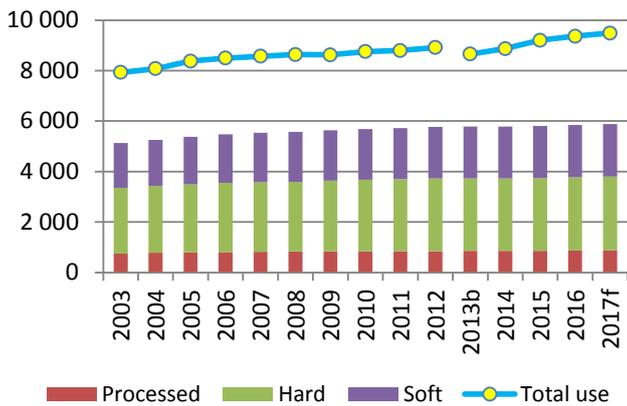
More milk converted into cheese

With current prices and market opportunities, processors get the best returns from cheese processing. Cheese production is thus expected to

increase by over 2 % in 2017 compared with last year.

EU cheese production is driven by the growth in the industrial use of mozzarella to make pizzas. The use of cheese in burgers and sandwiches is also increasing. Retail sales and the use of cheese in catering continue to increase, though to a lesser extent. A further 1 % rise in total cheese consumption per capita is expected in 2017, bringing the figure to 18 kg/capita.

Graph 22 Total cheese use compared to retail sales and catering use by cheese type (1000 t)



Note: b break in time series due to changes in German data definition
Source: DG Agriculture and Rural Development, based on Euromonitor and own calculations

Global demand for cheese is growing steadily, especially in Asian countries. In a context of lower availability in New Zealand, the EU and the US are benefiting fully from market opportunities, and in the first 4 months of the year EU cheese exports rose by 7 % and US exports by 15 %. The main EU customer remains the US, which absorbs more than 15 % of EU exports, but shipments are stable. By contrast, EU exports to Japan rose by 40 % and to South Korea by 23 %. Total Japanese cheese imports remained stable over this period, highlighting the jump in the EU market share. In 2017, EU cheese exports are expected to grow by 6 % and further increases can be expected in 2018.

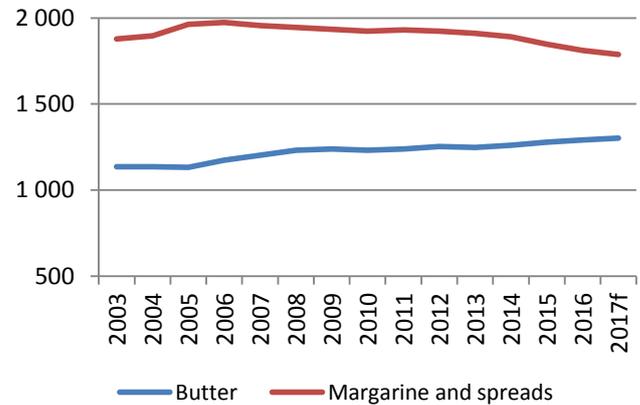
Lower availability of butter pushes prices up

Record butter prices in the EU and worldwide highlight the imbalance between supply and demand. Butter, and more generally dairy fat, is very much in demand worldwide. It is replacing margarine; in the EU, the retail sales and catering use of margarine and spreads have fallen by 6 % in the last four years, while butter sales have risen by 3 %. In addition, butter has partly replaced palm oil in food processing. The industrial use of butter and cream grew significantly, mainly for bakery and pastry – not only in Europe.

The global butter trade rose by 11 % in 2016. The decline observed in the first 4 months of 2017 results

from a lack of availability in New Zealand, the main world supplier, whose exports fell by 9 %, and in the EU (exports down by 28 %). Moreover, cream exports have risen significantly (+24 % for the EU in the first four months of 2017), thereby drying out the butter market further.

Graph 23 Retail sales and catering use (1000 t) Butter, margarine and spreads



Source: DG Agriculture and Rural Development, based on Euromonitor

In 2017, despite strong demand, EU butter production is expected to fall by 3 % owing to the reduction in milk fat content and because better returns can be obtained from cheese and whey processing than from butter and SMP. In such a context of lower availability, exports are expected to fall by 20 %. Domestic use could nevertheless rise slightly (+1 %), and stocks are expected to be very low by the end of the year, at 65 000 t.

Less SMP produced and more exports

So far (with statistics up to April), SMP production in the EU is about 10 % lower than last year, and the same reduction is expected throughout the year, as cheese processing is more profitable.

By contrast, exports are projected to increase by 24 %, allowing for a reduction in private stocks. Low SMP prices favour exports. In the first four months of the year, EU shipments increased by 13 %. Exports to most destinations grew, except to Saudi Arabia and Egypt. Chinese imports increased the most (+43 %), and more generally, exports to Asian markets performed extremely well (Vietnam, Thailand, Indonesia and Malaysia). In addition, exports to Algeria, the EU's main customer, increased by 16 %. Trends in exports to Algeria in the second half of the year are more uncertain and will depend on government tenders and the competitiveness of the EU. There is a working assumption that the volume of SMP currently on sale under a tendering procedure (20 000 t) will be released from intervention stocks in the second half of the year.

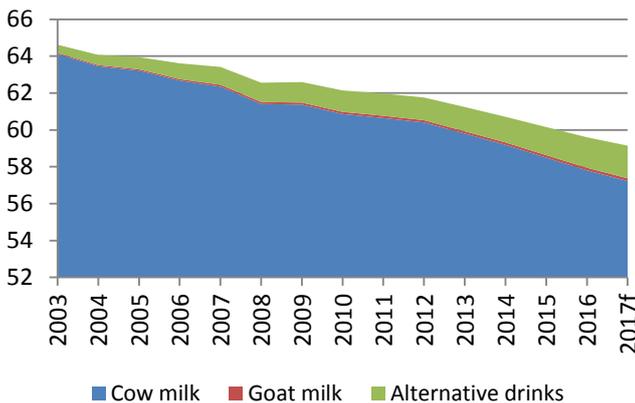
A reduction in the production of whole milk power (WMP)

In 2016, WMP production increased significantly (+4 %) driven by dynamic domestic demand, mainly for chocolate processing. By contrast, WMP production is expected to fall in 2017 (-2 %), despite good export demand in the first four months of the year (+6 %) because processors can get better returns from producing cheese. WMP exports over the year as a whole are expected to decline by 5 %. The good performance of the first quarter was linked to higher shipments to Algeria, a very uncertain market, as highlighted above, in the context of a reduced supply from New Zealand. In the second half of the year, with the increase in milk collection in Oceania and the WMP price rise, African countries might favour cheaper SMP as well as fat-filled milk powders (a mixture of SMP and vegetable fat).

Liquid milk exports fall

In recent years, rapidly rising milk exports, especially to China, partially compensated for the structural decline in liquid milk consumption. In the first four months of this year, however, EU milk exports fell by 24 %. Growing exports to South Africa, Moldova and Angola failed to compensate for big drops in shipments to China and Belarus. By contrast, cream exports grew strongly, mainly to China, South Korea and Angola, driving an increase in production. Domestic cream consumption is also expected to grow, and production in 2017 could rise by 2 %.

Graph 24 Cows' and goats' milk and alternative drinks: retail sales and catering use (1000 t)



Source: DG Agriculture and Rural Development, based on Euromonitor

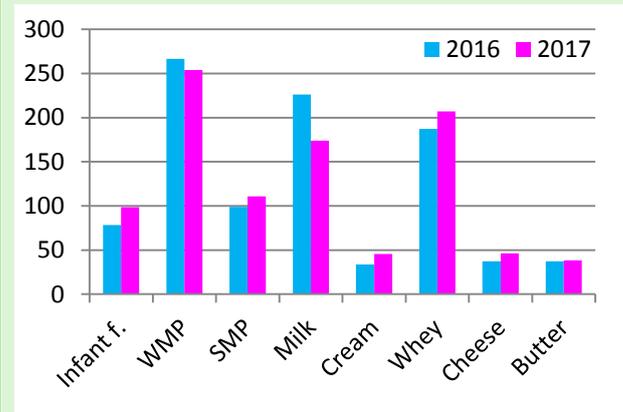
A further small decline in the total output of fresh dairy products is expected over the year as a whole, together with a 5 % drop in exports. Per capita consumption in the EU-15 will fall only slightly: the drop in households' milk consumption is almost fully offset by higher consumption of cream and yogurt and higher sales of organic milk. The latter trend is particularly strong in France. In the EU-N13, consumption continues to grow, but the level

consumed remains half that of the EU-15. The drop in milk sales is driven mainly by a change in households' consumption habits, especially as regards breakfast. In 10 years, sales of cow milk sales have fallen by 5 kg/capita in the EU-28. This drop was offset only in part by higher sales of alternative drinks (+ 1 kg/capita).

China: sustained imports of dairy products

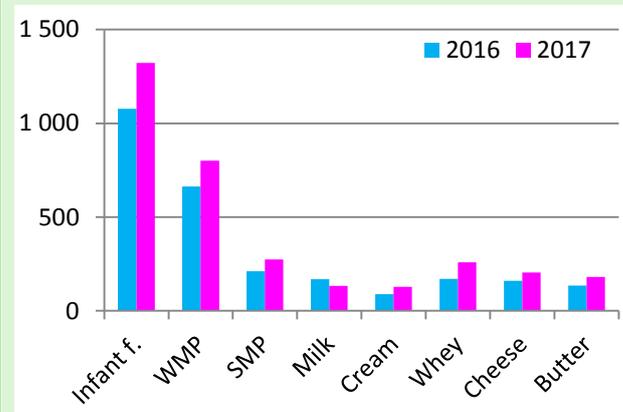
In the first five months of the year, Chinese imports increased by 4 % in volume and 24 % in value. This positive trend is expected to continue throughout the year, after a dip in Chinese milk production in 2016.

Graph 25 Chinese dairy imports (1000 t)



Source: DG Agriculture and Rural Development, based on GTA

Graph 26 Chinese dairy imports (1000 USD)



Source: DG Agriculture and Rural Development, based on GTA

Chinese imports have definitely diversified, with more imports of cream, cheese and SMP, and less of WMP. China is now the second destination for EU exports of SMP. The sharp decline in UHT milk imports in 2017 is a result of strong competition with local milk. Infant milk formula is far and away the most important product in terms of value, and Chinese imports continue to grow despite strong competition with local brands and increased regulation. The main advantage of foreign products is trust, and the strong development of e-commerce makes it very easy for Chinese households to buy foreign brands.

5. MEAT

Fourth and last year of increase in beef production as EU cow herd starts to decrease

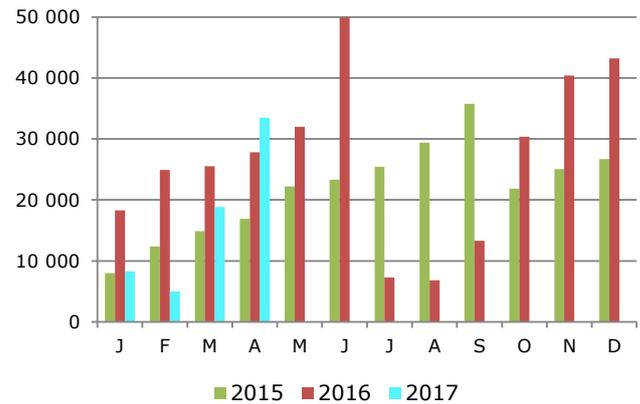
Although the suckler cow herd expanded by 31 000 heads in 2016, according to the latest figures from the livestock survey of December 2016, the EU's total cow herd was reduced by 60 000, owing to the slaughtering of dairy cows in many EU countries. However, this figure is less than 1 % of the total EU cow herd, estimated at 35.5 million. The exceptions are Ireland and the Netherlands, the expansion of whose dairy herds is driving the increase, and Spain, where the beef herd expanded for a further year.

In the first quarter of 2017, net beef production in the EU nearly stabilised (+0.2 %). By contrast, it grew by 2.1 % in the first quarter of the previous year, resulting in a net increase of 1.4 % in EU beef production.⁵ This slowdown is attributable mainly to a lower slaughtering rate for bulls and bullocks (-2.2 %), while the rate for cows went down from an annual figure of 6.3 % to 0.8 % in the first quarter of 2017. Slaughter weights remained more or less stable for all categories. All countries apart from Belgium, Greece, the Netherlands and Sweden reduced their slaughtering of cows in the first quarter of 2017. Net beef net production is expected to grow throughout the year, though more slowly than in 2016 (0.8 %). As the total EU cow herd was almost stable in December 2016, there is still considerable potential for beef production at EU level. The restructuring of the dairy sector will continue, but we are already seeing the first signs of a slowdown in certain EU countries. A 1.4 % fall in production is expected in 2018, after 4 consecutive years of moderate increases. The level of decline is still uncertain, as it is hard to predict the exact timing and pace of change. Productivity gains in the dairy sector and the profitability of the various beef production systems are the main drivers in the medium term.

Exports of bovine livestock take a bumpy road, while beef exports steady grow

EU exports of live bovine animals fell slightly in the first quarter of 2017 by nearly 3 %, mainly because of exports to Turkey in January and February. Exports to Turkey seem to have started again in March, followed by a boost in April, the Czech Republic and Hungary being the bigger suppliers. The relaxation of Turkish requirements with respect to blue tongue vaccination could facilitate the live trade, but competition from Uruguay and, to a lesser extent, Brazil, is to be expected. At the same time, Israel has established itself as a growing destination for live animals, and Algeria has opened its market to larger volumes of imports from the EU, which could result in an overall increase of 15 % in live exports in 2017.

Graph 27 Monthly EU exports of live cattle to Turkey (heads)



Source: DG Agriculture and Rural Development, based on Eurostat

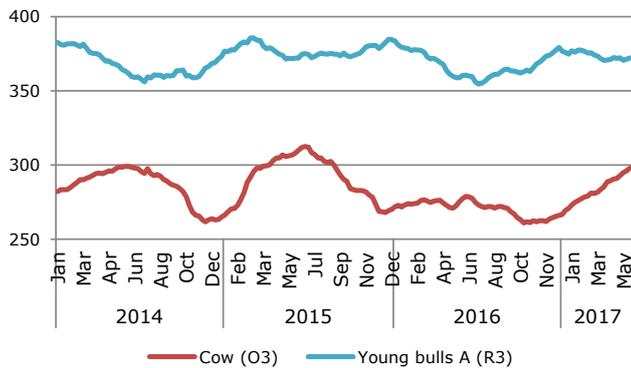
Beef exports rose by 26 % in the first 4 months of 2017, the largest quantity exported during that period in the last 5 years. Beef demand from Hong Kong is the key driver for this increase, although it compares with lower EU exports in January 2016. Exports of low-value cuts to new destinations like the Philippines are also worth mentioning. Overall, the outlook for exports in 2017 is positive (+10 %), thanks to the substantial surge in early 2017, the EU's (renewed) access to certain (niche) markets and the extensive portfolio of other destinations. This helps to sustain the price in the domestic market and valorise the entire carcass.

EU beef imports fell by 10 % in the first 4 months of 2017. The main reason was a major fall in imports from Brazil, by almost 20 % year-on-year, or 7 000 t. This was caused by the revaluation of the Brazilian currency and the meat scandal triggered by the Brazilian police's investigation into irregularities in health inspections at 20 meat production plants, which weakened Brazil's position as a global meat trader. Argentina, Uruguay and the US, on the other hand, are partly making up the difference by raising the level of their exports to the EU by 56 %, 21 % and 24 % respectively. Australian beef exports to the world market are down, mainly owing to a recapitalisation of the beef herd. The country's exports to the EU ended 6 % lower in 2016, and the first 4 months of 2017 recorded an even bigger drop of 32 % year-on-year. Despite the high beef price in the US and the expensive dollar, exports to the world market and to the EU are doing surprisingly well. EU imports are expected to increase only marginally in 2017, by 1 %, even if Brazil returns to the EU market by the end of 2017, as an ample supply of domestic production and sustained beef demand in Asia make the EU market less attractive.

⁵ When adjusted for the extra day in February 2016.

Towards higher EU beef prices in 2017?

Graph 28 EU price for certain categories of bovine animals (EUR/100 kg)



Source: DG Agriculture and Rural Development

The average price of adult male bovines recovered at the end of 2016 and stayed more-or-less stable, at around EUR 375/100kg, for the first months of 2017. EU cow prices (category O3) stayed relatively flat and low in 2016 (around EUR 270/100 kg). Since the end of 2016, prices for cows have also been rising steadily and seem to be resuming their characteristic seasonal pattern. The slowdown in the slaughter rate of cows during the first quarter is probably the reason for the price change observed. Stabilising production, against the background of an improving trade balance, is expected to take some pressure off the beef market in 2017.

In 2016, the availability of beef for consumption in the EU increased by 2.3 %. Consumption is expected to continue increasing in 2017, but at a much lower rate (+0.6 %). In 2018, lower availability on the EU market could depress EU consumption levels.

Pigmeat: decline in EU production in 2017

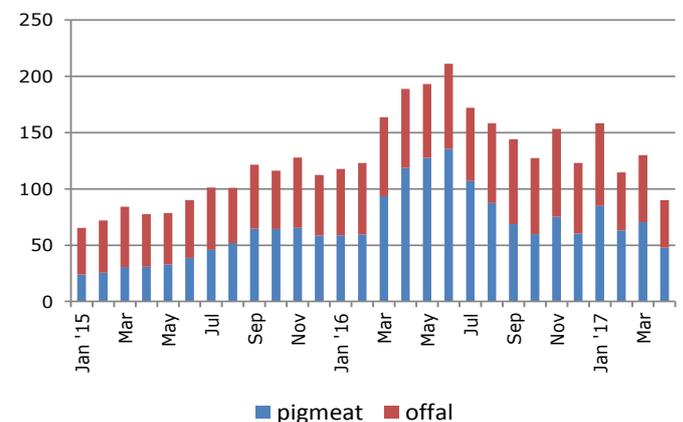
The December 2016 livestock survey announced a new 2 % reduction in the EU breeding pig herd, the same reduction as in 2015. However, it also showed a 1.4 % increase in the number of sows covered for the first time (after a 6 % drop in 2015). As a result, pigmeat production reversed its existing trend, falling in volume by 1.4 % in the first quarter of 2017. This happened in all the main producing countries but the Netherlands and Spain, where production rose. The negative trend is expected to continue at a more moderate level throughout 2017, as some farms increase production in response to high prices, resulting in a total annual production of around 23.4 million t for the year (-0.6 % compared to 2016). EU pigmeat production is expected to stabilise in 2018.

Falling EU pigmeat exports

The increase in EU pigmeat exports driven by demand from China continued until March 2017. The expected

decline began in April, with a 23 % drop in EU exports compared with March 2017 and a 30 % drop compared with April 2016. There were 3 main factors: rising EU prices, which make EU pigmeat less competitive on export markets; a fall in China's overall import demand (-14 % in April); and the temporary suspension (now lifted) of licences for export to China of 2 major German processors. Canada has benefited most from the situation, becoming the second largest exporter to China in April, after Spain, with 20 300 t (a 19 % share, 96 % up on the previous year). However, in late May China detected ractopamine, the banned growth promoter, in a shipment of pigs' feet from Canada, which may lead to at least a temporary ban on Canadian exports. The exports to China of all leading EU exporters fell in April. Denmark's share fell to 7.5 %, Germany's to 8 %, the Netherlands's to 8 % (down from 22 % in the first 3 months of 2017) and Spain's to 21 %.

Graph 29 EU pigmeat and offal exports to China (1000 t, product weight)



Source: DG Agriculture and Rural Development, based on Eurostat

The first quarter of 2017 saw significant growth in exports to other destinations, such as Japan (+9 %), Hong Kong (+42 %), South Korea (+39 %), the US (+21 %) and Australia (+8 %). However, the trend became negative in April (-24 % aggregated for the 5 countries, compared to March, and -13 %, compared with a year previously).

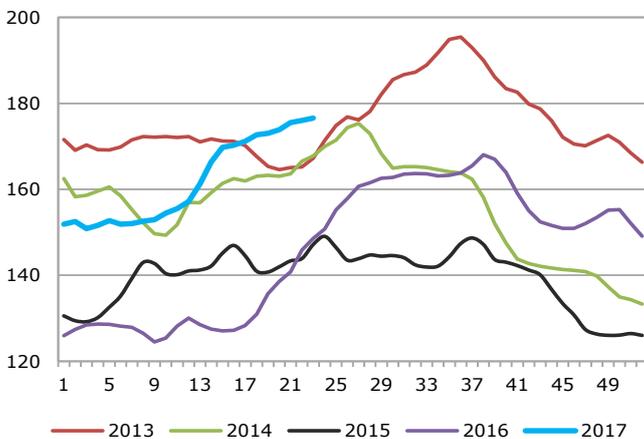
Overall, even if world demand for pigmeat in 2017 is expected to be similar to the previous year, EU pigmeat exports will be affected (-9 %) by falling availability and the associated higher internal prices. This makes other major exporters, i.e. the US, Canada and Brazil, more competitive. In the case of Brazil, it will depend on what happens as a result of the meat scandal. Although China lifted the associated restrictions in March, and Hong Kong has also done so in part, Brazilian exports still fell in April by 59 % (China) and 41 % (Hong Kong), compared with the previous year. The fall in EU pigmeat exports is expected to be smaller in 2018 (-2 %), thanks to a small increase in production (assuming that the Russian import ban on sanitary grounds brought in in

March 2014 remains effective until 2018, thereby making trade impossible).

Surge in EU pigmeat prices

Prices at the start of 2017 were substantially higher than in 2016 (around EUR 150/100kg, as opposed to EUR 126/100kg) and remained stable for the first 2 months of the year. This was followed by a rapid price rise of over EUR 10/100kg a month, culminating in a price of EUR 175.5/100kg in June 2017 - a level that has not been reached since 2013. As feed prices have remained fairly stable, farmers' margin over feed costs is improving. Since the prices in the EU's main competitors are falling, higher EU prices will put a good deal of pressure on EU exports in the months to come.

Graph 30 EU weekly prices for pigmeat, class E (EUR/100 kg)

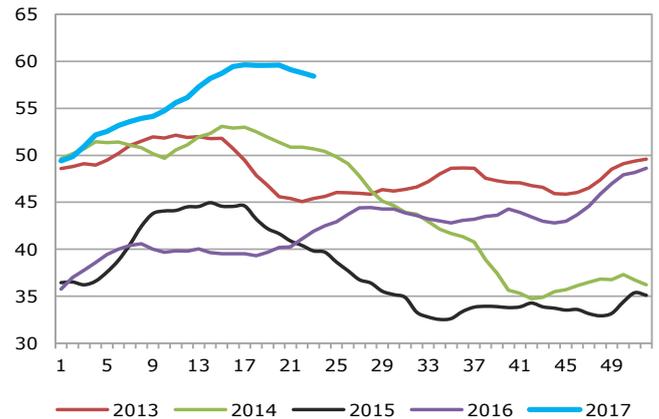


Source: DG Agriculture and Rural Development

The EU average piglet price continued on a rising trend driven by shortage of supply, reaching a historical maximum of EUR 59 in mid-April, compared with EUR 40 a year before. This trend gradually gave way to a seasonal downward trend in mid-May.

EU consumption of pigmeat fell to 31.7 kg per head of population in 2016, as exports were performing well and domestic production was down. In 2017, with less favourable prospects for EU exports, consumption is expected to rise slightly to 31.8 kg/capita. A similar rise is expected in 2018, to 31.9 kg/capita.

Graph 31 EU average weekly prices for piglets (EUR/head)



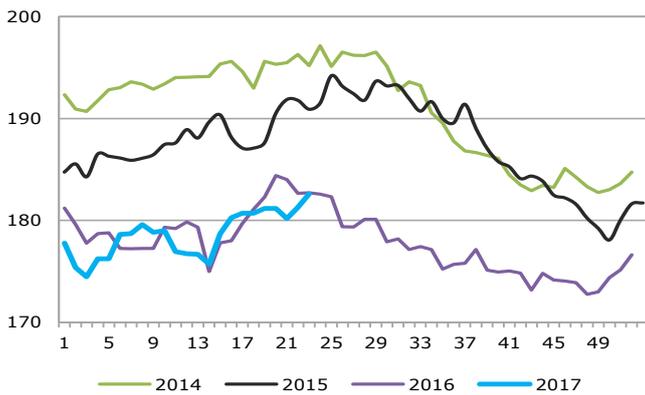
Source: DG Agriculture and Rural Development

Poultry: slower expansion of EU production

In 2016, EU poultry meat production grew in volume by 4.4 % compared to 2015, reaching 14.4 million t. Growth was driven by expanding production in Poland (+13 % or +257 300 t). EU production continued to rise in the first quarter of 2017, though at a lower rate (+1.9 %), as there has been a bird flu (avian influenza) epidemic since November 2016. With one exception, the countries that recorded the highest number of bird flu cases saw a reduction in output: Bulgaria (-12.5 %), Hungary (-7.3 %), Germany (-1.3 %) and France (-0.2 %). Poland bucked the trend by increasing production, but only by 1.1 %. These reductions were offset by significant increases in other major producers less affected by the epidemic: the Netherlands (+1.6 %), Spain (+3.9 %) and the UK (+10.5 %). Overall, EU production is expected to increase by 1.7 % in 2017, in a context of strong competition and export restrictions on countries affected by bird flu. The slowdown in production growth is expected to continue in 2018 (+0.8 %).

Prices competitive with the US

EU broiler prices are slightly below 2016 levels. They stayed below EUR 180/100kg until the seasonal spike that raised prices from EUR 175/100kg in April to EUR 182/100kg in June. However, the gap between EU and Brazilian prices widened as the broiler price in Brazil dropped to EUR 100/100kg at the beginning of the year, and then to EUR 85/100kg in June. On the other hand, the price of US broilers overtook the EU price for the first time in May 2017 and continued on a rising trend, reaching EUR 219/100kg in June. The opposite price trends in Brazil and the US seem to be 2 sides of the same coin, as Brazil tries to improve lagging exports and the US benefits from high global demand as a result of the sanitary issues faced by competitors.

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

Source: DG Agriculture and Rural Development

Trade maintained despite bird flu bans

Although EU prices are still relatively low, EU exports fell between January and April 2017, mainly because of the country-wide import bans imposed by some major partners. Exports to the 2 main export destinations for EU poultry in 2016 more than halved over those 4 months: South Africa (-58 %) and the Philippines (-62 %). In the case of South Africa, another reason for the lower figure is the imposition of a provisional safeguard duty of 13.9 % on imports from the EU of bone-in portions of chicken, which has been in place since December 2016. As a result, South Africa is no longer the EU's main export destination, its share having fallen from 16 % to just 7 % (-43 900 t up to April). It is now the 6th major importer, after Hong Kong (10 %), Ukraine (9 %), Saudi Arabia (8 %), Benin (8 %) and Ghana (7.5 %). Reductions in exports to South Africa have been offset by rising exports to Hong Kong (+36 %) and Ukraine (+58 %), and also to African markets such as Ghana (with a 49 % rise), RDC Congo (171 %) and Gabon (106 %), which have now an aggregate share of 16 %. EU exports are thus showing that they have the flexibility to adapt to various disruptions of trade, and moderate growth in exports is expected in 2017 (+1 %).

The US has benefited greatly from the import bans and duties imposed by South Africa on EU countries, increasing its exports from 9 700 in 2016 to 35 000 t in the first quarter of 2017. The situation could change if South Africa begins to lift the bans and US prices stay above EU levels. Brazil, on the other hand, has not been able to benefit much from the situation, as its exports have also suffered restrictions since the meat scandal. Most restrictions on Brazilian exports have already been lifted, but the consequences are still unclear. On 12 June, the European Commission pointed to a range of critical deficiencies identified by a team of EU health inspectors and asked for a number of measures to be taken, including physical checks on all consignments from Brazil at EU entry points.

EU poultry meat imports fell by 5 % in volume in the first 4 months of 2017, compared with the same period in the previous year. Imports from the main suppliers fell significantly: Brazil (-6 %), affected by the meat scandal, and Thailand (-11 %). Thailand is increasing exports to other destinations, such as Japan and Malaysia, and taking advantage of shortages in China, which is experiencing severe outbreaks of bird flu across the country. On the other hand, Ukraine increased its share of imports into the EU to 60 % in the same period, even though there were almost no imports in January, as the EU had banned imports from Ukraine following the outbreak of bird flu in December 2016. By May 2017 Ukraine had used 50 % of its 16 800-tonne tariff-rate quota (TRQ) for poultry meat and preparations and only 18 % of the 20 000-tonne TRQ for chicken carcasses. In contrast to previous years, it is thus not expected that EU imports of poultry meat increase in 2017.

EU consumption per head of population is expected to rise from 23.8 kg in 2016 to 24.1 kg in 2017. It is expected to still rise in 2018, to 24.2 kg.

Sheep: increase in EU production continues

According to the 2016 December livestock survey, the number of sheep in the EU increased by 1.4 million (+1.6 %), mainly in Spain (by 394 000), the UK (437 000) and Romania (268 000). On the other hand, the number of ewes put to the ram remained relatively static.

After a drop in the number of goats in 2015, the trend was reversed, mainly as a result of major efforts to rebuild the herd in Spain (+385 000 heads in 2 years). The number of goats in the Netherlands rose by 36 000, while the figure for Romania was 43 000 and that for Italy 65 000. Numbers in Greece, on the other hand, dropped below 4 million (-129 000) for the first time in years. The total flock of breeding ewes and nanny-goats increased slightly in 2016 (+0.2 %). This will have a small impact on future production.

EU net sheep and goat production increased by 2.1 % (907 000 t) in 2016.⁶ Although net production of sheep and goat meat fell by 2.7 % in the first quarter of 2017, it is expected to catch up and increase by 2.1 % in 2017, mainly driven by production increases in the UK, Spain and Romania. The drop in the first quarter can be attributed to Easter (and the larger number of sheep and goats slaughtered at that time of year), which was in April in 2017. During the same period, and unlike the other major producing countries, the UK recorded a 7 % increase in slaughterings, confirming the carry-forward of slaughterings from 2016 to 2017.

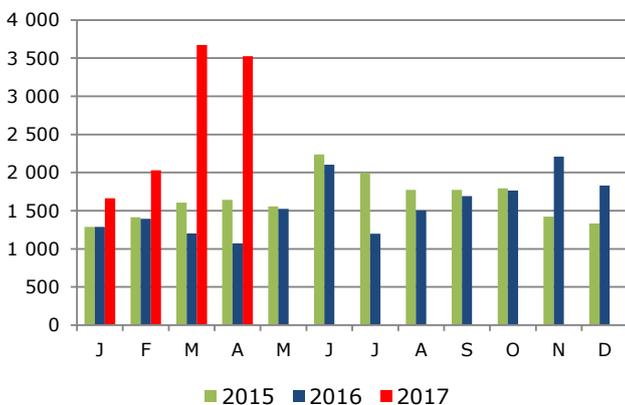
⁶ The figure was adjusted compared to last edition to reflect changes in on-farm slaughterings.

In the first 4 months of 2017, EU live exports fell by 2 % year-on-year, with Jordan accounting for most of the change. The share of lamb grew last year from 1/5 to 1/3 of total live exports. This trend seems to be continuing in 2017, with lamb accounting for almost 40 % of the total. Four export partners, all located around the Mediterranean, accounted for almost 95 % of trade. Light lamb exports from Spain seem to be finding new outlets in Morocco and Algeria. Overall, live exports are expected to fall slightly, by 1 %, in 2017, which implies they will remain just under the high level recorded in 2016.

Sheep production driven by a recovery in meat exports

In contrast, exports of sheep and goat meat are doing better than expected, though they remain at a relatively low level. After a sharp drop in 2015 and 2016, exports seem to be catching up with pre-2015 levels again. A 120 % increase was recorded during the first four months of 2017. Exports to Hong Kong are doing especially well again. Thanks to the weaker pound sterling, the UK is becoming more competitive on the international market. A 60 % increase is expected by the end of 2017.

Graph 33 Monthly EU exports of sheepmeat & goat meat (t)



Source: DG Agriculture and Rural Development

In the first 4 months of 2017, sheepmeat imports dropped by almost 19 % year-on-year. Although New Zealand stepped up its exports to the world in the first months of the year, it clearly favoured the Asian markets, especially China, and shifted part of its exports away from the EU. Another factor is the unfavourable trend of the New Zealand dollar against

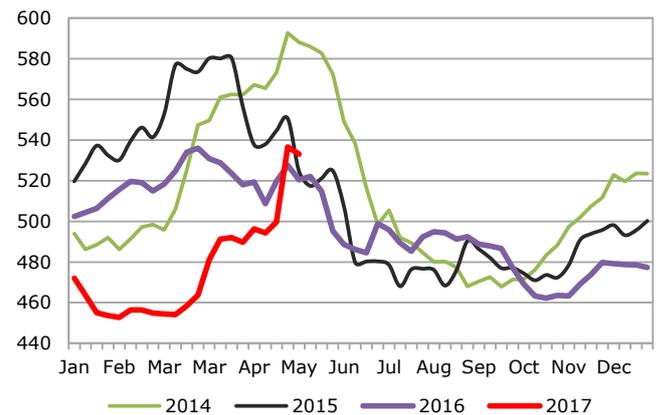
sterling and, in recent months, against the euro as well, which has made competition with lamb from the EU slightly tougher. New Zealand still accounts for over 80 % of total EU sheepmeat imports. The second biggest exporter to the EU is Australia. By the end of 2017, imports are expected to have fallen by 15 % compared with 2016.

Will prices continue rising?

Heavy lamb carcass prices started 2017 at a relatively low level, fluctuating at around EUR 455/100kg from January to March. By the end of March and during April, the price rose steadily to almost EUR 490/100kg (at Easter), followed by an even steeper climb in May to EUR 540/100kg, above the 2016 price. The pattern is very similar to the situation in 2014, but at a lower level.

Light lamb carcass prices followed a declining trend, below the average over the last 5 years, to a level of EUR 475/100kg in mid-March. The seasonal upswing started earlier and seems to be continuing, but at a level EUR 20 below the price of previous years.

Graph 34 EU heavy lamb prices (EUR/100 kg carcass)



Source: DG Agriculture and Rural Development

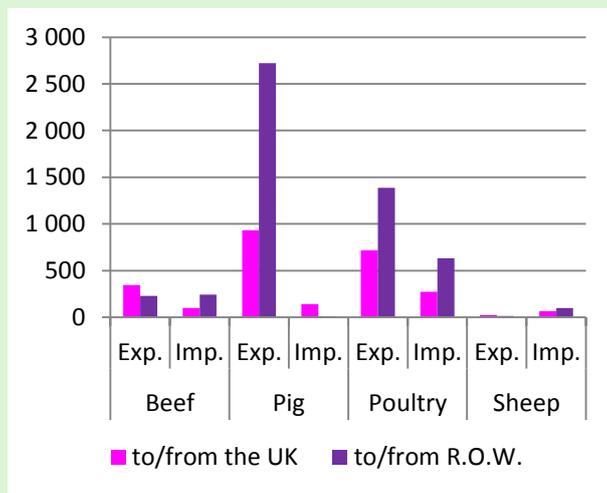
With meat exports increasing and imports declining, less sheepmeat is expected to be available on the EU market. Consequently, per capita consumption in the EU could drop by 1.5 % in 2017, but would rebalance again in 2018, thanks to adjustments in production and imports. Since consumption in the EU accounts for only 2.5 % of total meat consumption, or 1.9 kg/capita, small changes have a negligible effect on the meat consumption basket as a whole.

EU-27 trade with the UK and the rest of the world (R.O.W.) in the meat and dairy sectors

In this edition, we start providing information on meat and dairy trade of the EU-27 to the UK and the other countries. In the next edition, trade flows for cereals and eggs will be detailed.

In 2016, 30 % of EU-27 meat exports were shipped to the UK. Trade between the UK and other EU members has grown steadily over the last few decades. The UK is a significant net importer of beef, pigmeat and poultry meat from the EU-27, mainly from the Netherlands, Ireland, Poland, Germany and Denmark. By contrast, the UK is a net exporter of sheepmeat to the EU-27.

Graph 35 EU-27 meat trade in 2016 (1000 t)



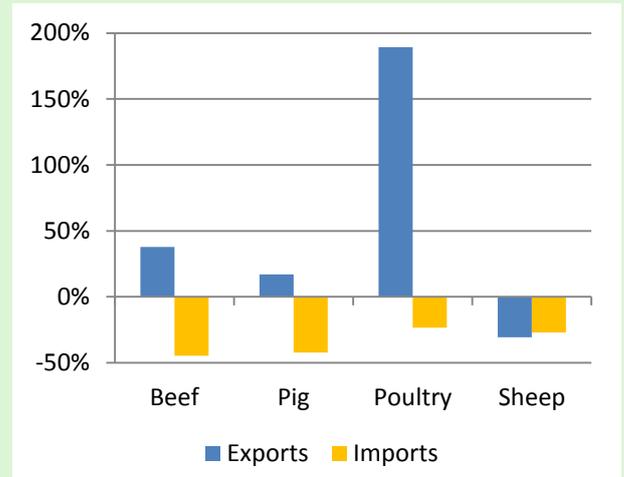
Source: DG Agriculture and Rural Development, based on Eurostat

While the EU-27 exports to the R.O.W. mainly frozen pigmeat, exports to the UK are more diversified and include fresh, salted and prepared pigmeat with a price premium of nearly 20 %. The fact that the EU-27 trades different products with the UK than with other countries is reflected in the average unit value. Similarly, the price of poultry meat exported to the UK is almost 3 times the average price of poultry exports to the R.O.W.

The EU-27 imports only fresh and chilled sheepmeat from the UK, while most imports from the R.O.W. are frozen. Nevertheless, the average price of the sheepmeat imported from the UK is cheaper, most probably because whole carcasses are traded, while only the best cuts travel from Oceania to Europe.

The UK is also an important partner of the EU-27 for live animals, breeding animals included. In the last 3 years, more than 500 000 pigs were exported yearly to the UK. These were mainly fattened pigs, but piglets were also included. Trade with the UK in live poultry, including female chicks, is also very significant in both directions.

Graph 36 Average price difference between EU-27 exports to the UK and to the R.O.W. in 2016 (%)



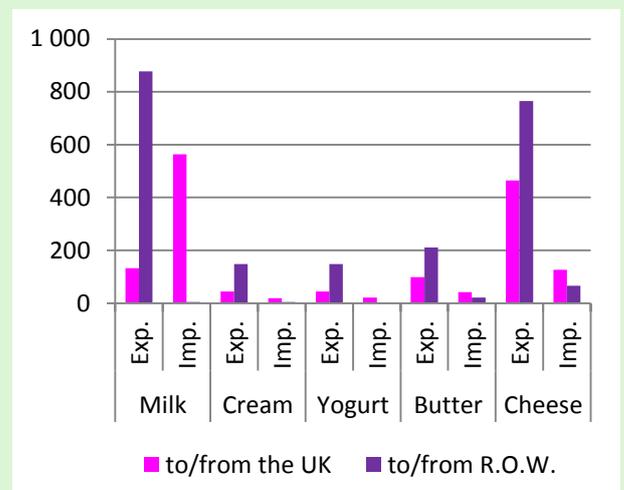
Note: This graph shows that the average export price of poultry from the EU-27 to the UK is up to 190 % higher than the export price to other countries. This has to do with differences in the cuts exported and quality.

Source: DG Agriculture and Rural Development, based on Eurostat

In the dairy sector, the UK is a major importer of cheese from Ireland, France and Germany. The UK supplies liquid milk to Ireland. The main EU-27 cheese exports to the UK are fresh cheese (25 % of 2016 exports), cheddar (20 %) and fresh mozzarella (15 %). Interestingly, imports from the UK are very similar (40 % of cheddar and 14 % of mozzarella).

Generally, products traded with the UK have a lower average price than products traded with the R.O.W. This applies particularly to liquid milk, because the EU-27 exports mainly packaged milk to the R.O.W. and imports liquid milk in bulk from the UK. The average price of cheese exports to the UK is also lower, mainly because of the different mix of products.

Graph 37 EU-27 dairy trade in 2016 (1000 t)



Source: DG Agriculture and Rural Development, based on Eurostat

6. STATISTICAL ANNEX

ARABLE CROPS

Table 5.1 EU cereal, oilseed and protein crop area (1000 ha)

	EU-28					% variation			
	2013	2014	2015	2016e	2017f	16/15	16 vs 5-year av.*	17/16	17 vs 5-year av.*
Common wheat	23 388	24 418	24 325	24 345	23 819	0.1	2.3	-2.2	-0.8
Durum	2 392	2 295	2 435	2 710	2 646	11.3	15.2	-2.3	6.9
Rye	2 654	2 171	1 964	1 928	2 041	-1.8	-14.6	5.9	-5.8
Barley	12 370	12 434	12 217	12 423	12 251	1.7	0.7	-1.4	-1.3
Oats	2 666	2 546	2 527	2 622	2 639	3.8	-0.1	0.7	1.1
Maize	9 775	9 615	9 255	8 570	8 511	-7.4	-10.4	-0.7	-10.9
Triticale	2 749	2 953	3 116	2 938	2 665	-5.7	3.8	-9.3	-7.5
Sorghum	145	158	139	126	123	-9.5	-6.5	-2.0	-9.9
Others	1 452	1 340	1 297	1 299	1 503	0.2	-12.5	15.7	10.2
Cereals	57 591	57 930	57 275	56 960	56 199	-0.5	-1.0	-1.3	-2.3
Rapeseed	6 711	6 714	6 465	6 549	6 758	1.3	0.6	3.2	2.8
Sunflower	4 623	4 263	4 197	4 159	4 182	-0.9	-3.6	0.5	-1.8
Soya beans	465	568	893	826	869	-7.4	37.4	5.2	40.3
Linseed	64	50	66	77	63	16.7	36.4	-17.5	-2.0
Oilseeds	11 862	11 595	11 621	11 612	11 872	-0.1	-0.1	2.2	2.3
Field peas	464	530	744	908	924	22.0	55.5	1.7	54.1
Broad beans	356	389	624	652	645	4.4	54.1	-1.0	41.4
Lupines	96	119	258	258	258	0.3	76.0	-0.1	64.1
Protein crops	916	1 038	1 626	1 818	1 828	11.8	58.7	0.5	51.6
Sugar beet	1 661	1 632	1 419	1 499	1 742	5.6	-8.3	16.3	9.1
Total	72 031	72 195	71 941	71 889	71 642	-0.1	0.2	-0.3	-0.4

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

Table 5.2 EU cereal, oilseed and protein crop yields (t/ha)

	EU-28					% variation			
	2013	2014	2015	2016e	2017f	16/15	16 vs 5-year av.*	17/16	17 vs 5-year av.*
Common wheat	5.82	6.13	6.27	5.56	5.88	-11.3	-5.3	5.6	0.6
Durum	3.38	3.36	3.44	3.42	3.35	-0.8	0.6	-1.8	-1.0
Rye	3.94	4.18	3.97	3.87	3.73	-2.5	0.2	-3.7	-5.1
Barley	4.94	4.88	5.07	4.84	4.70	-4.5	1.1	-2.9	-3.9
Oats	3.14	3.05	3.00	3.08	3.12	2.6	2.3	1.5	2.6
Maize	6.86	8.10	6.40	7.10	7.32	10.9	2.1	3.1	7.9
Triticale	4.20	4.48	4.10	3.99	4.15	-2.6	-3.0	4.0	0.9
Sorghum	5.01	5.89	5.18	5.42	5.65	4.5	1.5	4.4	8.7
Others	2.79	2.99	2.67	2.81	2.92	5.4	0.5	4.0	3.0
Cereals	5.34	5.71	5.49	5.22	5.35	-4.9	-2.1	2.5	0.0
Rapeseed	3.13	3.61	3.37	3.01	3.21	-10.9	-6.1	6.9	0.4
Sunflower	2.01	2.17	1.88	2.06	2.16	9.8	5.9	4.7	8.9
Soya beans	2.62	3.23	2.66	3.00	2.92	13.0	11.9	-2.8	5.8
Linseed	2.10	7.32	1.95	1.87	2.15	-4.1	-9.0	15.4	5.0
Oilseeds	2.66	3.08	2.77	2.66	2.81	-4.0	0.5	5.8	4.3
Field peas	2.76	2.62	2.79	2.54	2.71	-9.0	-1.7	6.7	2.5
Broad beans	2.86	3.17	3.13	2.93	3.09	-6.4	-1.6	5.2	2.8
Lupines	1.60	1.76	1.41	1.46	1.61	3.2	-4.0	10.5	5.0
Protein crops	2.68	2.73	2.70	2.52	2.68	-6.6	-3.5	6.4	1.9
Sugar beet	65.60	80.26	71.73	71.41	73.44	-0.4	-2.0	2.8	3.8

Table 5.3 EU cereal, oilseed and protein crop gross production (1000 t)

	EU-28					% variation			
	2013	2014	2015	2016e	2017f	16/15	16 vs 5-year av.*	17/16	17 vs 5-year av.*
Common wheat	136 207	149 675	152 514	135 417	139 953	-11.2	-3.2	3.3	-0.3
Durum	8 097	7 704	8 389	9 256	8 874	10.3	15.3	-4.1	6.9
Rye	10 452	9 068	7 797	7 467	7 611	-4.2	-12.4	1.9	-10.7
Barley	61 101	60 695	61 928	60 104	57 530	-2.9	1.5	-4.3	-5.1
Oats	8 371	7 765	7 581	8 072	8 244	6.5	2.8	2.1	4.1
Maize	67 037	77 915	59 250	60 864	62 325	2.7	-7.6	2.4	-0.4
Triticale	11 559	13 222	12 774	11 732	11 071	-8.2	1.7	-5.6	-7.9
Sorghum	728	929	720	681	696	-5.4	-3.9	2.3	-1.8
Others	4 055	4 001	3 456	3 648	4 390	5.6	-12.5	20.3	12.5
Cereals	307 606	330 975	314 408	297 241	300 694	-5.5	-2.5	1.2	-1.9
Rapeseed	20 979	24 267	21 811	19 685	21 716	-9.7	-4.8	10.3	4.3
Sunflower	9 272	9 268	7 882	8 578	9 027	8.8	0.1	5.2	5.3
Soya beans	1 216	1 834	2 371	2 481	2 536	4.6	54.2	2.2	40.4
Linseed	134	365	128	143	136	11.9	0.7	-4.8	-0.9
Oilseeds	31 601	35 734	32 191	30 886	33 415	-4.1	-0.3	8.2	5.9
Field peas	1 282	1 389	2 075	2 303	2 500	11.0	59.8	8.6	58.1
Broad beans	1 019	1 233	1 956	1 911	1 991	-2.3	46.2	4.2	43.5
Lupines	153	209	364	376	415	3.5	74.0	10.4	71.7
Protein crops	2 454	2 831	4 395	4 590	4 907	4.5	54.5	6.9	52.1
Sugar beet	108 979	131 009	101 769	107 019	127 949	5.2	-8.0	19.6	16.0

Table 5.4 EU overall cereal balance sheet (million t)

	EU-28					% variation vs. 16/17
	2013/14	2014/15	2015/16	2016/17e	2017/18f	
Beginning stocks	31.3	38.0	48.5	46.5	38.9	-16.4
Gross production	307.6	331.0	314.4	297.2	300.7	1.2
Usable production	304.8	328.0	311.6	294.6	298.0	1.2
Imports	19.2	15.6	20.6	18.2	18.1	-1.0
Availabilities	355.3	381.6	380.8	359.4	355.0	-1.2
Total domestic uses	271.6	279.2	281.3	281.5	279.9	-0.5
- Human	64.8	65.0	65.1	65.4	65.7	0.4
- Seed	9.5	9.6	9.6	9.6	9.4	-1.9
- Industrial	32.4	32.6	33.1	33.4	34.2	2.4
<i>o.w. bioethanol</i>	11.3	11.5	12.0	12.2	12.9	5.7
- Animal feed	164.9	172.0	173.4	173.0	170.6	-1.4
Losses (excl on-farm)	2.2	2.2	2.2	2.2	2.2	0.0
Exports	43.5	51.7	50.8	36.8	37.9	2.8
Total uses	317.3	333.1	334.3	320.5	320.0	-0.2
End stocks	38.0	48.5	46.5	38.9	35.0	-10.1
- Market	38.0	48.5	46.5	38.9	35.0	-10.1
- Intervention	0.0	0.0	0.0	0.0	0.0	
Self-sufficiency rate %	112	117	111	105	106	

Table 5.5 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)	11.2	6.0	2.5	14.7	0.8	0.1	0.4	1.7	1.6	38.9
Gross production	140.0	57.5	8.9	62.3	7.6	0.7	8.2	11.1	4.4	300.7
Usable production	138.9	57.0	8.8	62.1	7.4	0.7	8.2	10.8	4.2	298.0
Import ¹	3.3	0.4	1.7	12.3	0.1	0.1	0.0	0.0	0.2	18.1
Total availabilities	153.4	63.4	13.0	89.0	8.3	0.9	8.5	12.5	5.9	355.0
Total domestic use	115.1	49.6	9.4	72.6	7.7	0.9	7.9	11.9	4.7	279.9
- Human	48.0	0.4	8.0	4.9	3.1	0.2	1.1	0.1	0.0	65.7
- Seed	4.9	2.2	0.5	0.4	0.4	0.0	0.4	0.5	0.1	9.4
- Industrial	10.8	9.1	0.1	11.9	1.7	0.0	0.1	0.4	0.1	34.2
<i>o.w. bioethanol</i>	4.7	0.4	0.0	6.5	1.0	0.0	0.0	0.3	0.0	12.9
- Animal feed	51.5	38.0	0.8	55.4	2.6	0.7	6.2	10.9	4.5	170.6
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	26.5	7.0	1.4	2.6	0.2	0.0	0.2	0.0	0.0	37.9
Total use	142.5	57.0	10.9	75.8	8.0	0.9	8.2	12.0	4.7	320.0
End stocks (30.06.2018)	10.8	6.4	2.1	13.2	0.3	0.0	0.4	0.5	1.2	34.9
- Market	10.8	6.4	2.1	13.2	0.3	0.0	0.4	0.5	1.2	34.9
- Intervention	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in stocks	-0.3	0.4	-0.4	-1.5	-0.5	-0.1	0.0	-1.2	-0.4	-3.9
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 %	121	115	93	85	96	76	103	91	89	106

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 5.6 EU-28 cereal balance sheet 2016/2017 (estimate) (million t)

	Common wheat	Barley	Durum	Maize	Rye	Sorghum	Oats	Triticale	Others	EU-28
Beginning stocks (01.07.2016)	14.7	7.6	2.5	13.9	1.0	0.2	1.6	2.3	2.7	46.5
Gross production	135.4	60.1	9.3	60.9	7.5	0.7	8.1	11.7	3.6	297.2
Usable production	134.4	59.6	9.2	60.6	7.3	0.6	8.0	11.5	3.5	294.6
Import ¹	3.3	0.4	1.7	12.5	0.0	0.1	0.0	0.0	0.2	18.2
Total availabilities	152.4	67.7	13.3	86.9	8.3	1.0	9.6	13.8	6.3	359.4
Total domestic use	115.7	53.2	9.4	69.1	7.4	0.9	9.0	12.1	4.7	281.5
- 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	41.6	0.8	52.4	2.3	0.7	7.3	11.0	4.5	173.0
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	24.6	8.1	1.4	2.5	0.1	0.0	0.2	0.0	0.0	36.8
Total use	141.2	61.7	10.9	72.2	7.5	0.9	9.2	12.2	4.7	320.5
End stocks (30.06.2017)	11.2	6.0	2.5	14.7	0.8	0.1	0.4	1.7	1.6	38.9
- Market	11.2	6.0	2.5	14.7	0.8	0.1	0.4	1.7	1.6	38.9
- Intervention	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in stocks	-3.5	-1.7	0.0	0.8	-0.2	-0.1	-1.2	-0.7	-1.1	-7.6
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 %	116	112	97	88	99	73	89	95	74	105

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 5.7 EU-28 cereal balance sheet 2015/2016 (million t)

	Common wheat	Barley	Durum	Maize	Rye	Sorghum	Oats	Triticale	Others	EU-28
Beginning stocks (01.07.2015)	12.2	8.4	2.0	17.5	1.6	0.3	1.2	2.0	3.3	48.5
Gross production	152.5	61.9	8.4	59.3	7.8	0.7	7.6	12.8	3.5	314.4
Usable production	151.3	61.4	8.3	59.0	7.6	0.7	7.5	12.5	3.3	311.6
Import ¹	4.1	0.3	2.5	13.3	0.0	0.1	0.0	0.0	0.2	20.6
Total availabilities	167.7	70.1	12.8	89.8	9.3	1.1	8.8	14.5	6.8	380.8
Total domestic use	119.3	47.8	9.1	73.1	8.0	0.9	6.9	12.1	4.1	281.3
- Human	47.6	0.4	8.0	4.8	3.0	0.2	1.1	0.1	0.0	65.1
- Seed	5.0	2.2	0.5	0.4	0.4	0.0	0.4	0.6	0.1	9.6
- Industrial	10.9	9.0	0.1	10.9	1.6	0.0	0.1	0.4	0.1	33.1
<i>o.w. bioethanol</i>	4.9	0.4		5.5	0.9			0.3		12.0
- Animal feed	55.8	36.3	0.6	56.9	3.0	0.7	5.2	11.0	3.9	173.4
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	32.8	14.2	1.2	2.2	0.2	0.0	0.2	0.0	0.0	50.8
Total use	153.0	62.4	10.3	75.9	8.3	0.9	7.1	12.2	4.1	334.3
End stocks (30.06.2016)	14.7	7.6	2.5	13.9	1.0	0.2	1.6	2.3	2.7	46.5
- Market	14.7	7.6	2.5	13.9	1.0	0.2	1.6	2.3	2.7	46.5
- Intervention	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in stocks	2.5	-0.7	0.5	-3.6	-0.6	-0.1	0.4	0.3	-0.7	-2.0
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 %	127	128	91	81	95	77	109	104	81	111

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 5.8 EU-28 oilseeds balance sheets (million t)

	EU-28					% variation				
	2013/14	2014/15	2015/16	2016/17e	2017/18f	16/17 vs 15/16	% 5-yr.av.	17/18 vs 16/17	% 5-yr.av.	
Production	31.5	35.4	32.1	30.7	33.3	-4.1	-0.4	8.2	5.9	
Rapeseed	21.0	24.3	21.8	19.7	21.7	-9.7	-4.8	10.3	4.3	
Soya beans	1.2	1.8	2.4	2.5	2.5	4.6	73.5	2.2	40.4	
Sunflower	9.3	9.3	7.9	8.6	9.0	8.8	0.1	5.2	5.3	
Total domestic use	47.7	49.3	49.9	49.5	49.7	-0.8	5.3	0.4	1.8	
Rapeseed	24.2	25.9	24.9	24.0	24.8	-3.6	-0.3	3.4	1.9	
<i>of which crushing</i>	23.5	25.0	24.1	23.3	24.0	-3.6	-0.1	3.4	1.8	
Soya beans	14.7	14.4	16.9	16.6	16.0	-2.2	16.2	-3.7	4.8	
<i>of which crushing</i>	13.2	12.9	15.1	14.8	14.2	-1.7	15.8	-3.9	4.5	
Sunflower	8.8	8.9	8.1	8.9	8.9	10.7	7.7	0.1	3.8	
<i>of which crushing</i>	7.8	7.9	7.0	7.9	7.9	11.6	7.7	-0.1	3.7	
Imports	17.4	15.8	18.6	19.6	17.5	5.1	18.9	-10.8	0.6	
Rapeseed	3.5	2.3	3.5	4.6	3.5	31.7	32.7	-24.7	0.0	
Soya beans	13.6	13.2	14.7	14.2	13.6	-3.4	8.6	-3.7	0.0	
Sunflower	0.3	0.3	0.5	0.8	0.4	72.0	178.6	-55.7	0.0	
Exports	1.1	1.3	0.9	1.0	0.9	8.2	0.7	-3.9	-6.0	
Rapeseed	0.3	0.6	0.3	0.3	0.3	0.5	32.3	-5.5	0.0	
Soya beans	0.1	0.1	0.1	0.2	0.1	47.0	132.2	-43.8	0.0	
Sunflower	0.7	0.6	0.4	0.4	0.5	0.7	-29.1	18.8	0.0	
End stocks	2.6	3.2	3.1	2.9	3.0	-4.4	0.0	4.2	7.0	
Rapeseed	1.0	1.1	1.1	1.0	1.1	-6.1	0.0	2.7	4.9	
Soya beans	0.9	1.4	1.4	1.2	1.3	-9.9	2.8	8.7	14.4	
Sunflower	0.7	0.7	0.6	0.7	0.7	11.1	-2.4	-1.7	-2.5	
Self-sufficiency rate %	66	72	64	62	67					

Table 5.9 EU oilmeals balance sheets (million t)

	EU-28					% variation			
	2013/14	2014/15	2015/16	2016/17e	2017/18f	16/17 vs 15/16	% 5-yr.av.	17/18 vs 16/17	% 5-yr.av.
Production	28.1	28.8	29.5	29.3	29.3	-0.8	6.2	-0.1	1.9
Rapeseed	13.4	14.3	13.8	13.3	13.7	-3.6	-0.1	3.4	1.8
Soya beans	10.4	10.2	11.9	11.7	11.2	-1.7	15.8	-3.9	4.5
Sunflower	4.3	4.4	3.9	4.3	4.3	11.6	7.7	-0.1	3.7
Total domestic use	49.4	50.0	52.3	50.2	50.5	-4.0	1.4	0.5	1.2
Rapeseed	13.5	14.3	13.7	13.0	13.7	-5.4	-2.8	5.9	2.6
Soya beans	28.7	28.4	31.8	29.6	29.3	-6.8	2.3	-1.0	1.4
Sunflower	7.2	7.3	6.9	7.7	7.5	11.8	7.6	-2.9	3.5
Imports	22.0	22.3	23.8	21.9	22.2	-7.7	-3.3	1.1	0.4
Rapeseed	0.5	0.5	0.4	0.2	0.4	-55.7	-57.5	135.1	0.0
Soya beans	18.5	18.6	20.2	18.2	18.4	-9.9	-4.8	1.3	0.0
Sunflower	3.1	3.2	3.2	3.6	3.3	11.8	9.9	-6.9	0.0
Exports	0.9	1.0	1.0	1.0	0.9	0.3	-2.0	-5.8	-5.8
Rapeseed	0.4	0.4	0.5	0.5	0.4	3.3	37.2	-14.4	0.0
Soya beans	0.3	0.3	0.3	0.3	0.3	-10.1	-38.2	14.4	0.0
Sunflower	0.2	0.3	0.2	0.2	0.2	8.3	35.5	-11.7	0.0
End stocks	0.5	0.5	0.5	0.5	0.5	-3.3	-6.5	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	0.3	0.4	0.4	0.3	0.3	-4.8	-9.1	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	58	56	58	58				

Table 5.10 EU vegetable oils balance sheets (million t)

	EU-28					% variation			
	2013/14	2014/15	2015/16	2016/17e	2017/18f	16/17 vs 15/16	% 5-yr.av.	17/18 vs 16/17	% 5-yr.av.
Production	15.5	16.2	15.9	15.8	16.0	-0.4	3.9	1.3	1.7
Rapeseed	9.6	10.3	9.9	9.5	9.9	-3.6	-0.1	3.4	1.8
Soya beans	2.6	2.6	3.0	3.0	2.8	-1.7	15.8	-3.9	4.5
Sunflower	3.3	3.3	3.0	3.3	3.3	11.6	7.7	-0.1	3.7
Palm	0.0	0.0	0.0	0.0	0.0				
Total domestic use	22.0	22.8	23.1	22.3	22.6	-3.5	2.6	1.3	1.1
Rapeseed	9.4	10.2	9.8	9.3	9.7	-4.4	-1.7	4.2	2.5
Soya beans	2.1	1.9	2.4	2.4	2.2	-0.1	12.7	-6.6	3.7
Sunflower	3.7	3.9	3.9	4.4	4.1	11.0	16.2	-7.3	4.8
Palm	6.7	6.7	7.0	6.2	6.6	-11.5	-4.3	6.1	0.4
Imports	8.4	8.5	9.0	8.3	8.4	-7.4	1.9	0.6	-0.4
Rapeseed	0.3	0.3	0.2	0.2	0.2	-14.7	-31.4	27.8	0.0
Soya beans	0.4	0.3	0.3	0.3	0.3	-8.5	-7.0	1.0	0.0
Sunflower	0.9	1.0	1.3	1.5	1.1	15.3	58.8	-27.1	0.0
Palm	6.9	6.9	7.1	6.3	6.7	-11.4	-5.1	6.6	0.0
Exports	1.6	1.9	1.8	1.8	1.8	-0.3	2.3	-0.5	-1.5
Rapeseed	0.3	0.4	0.4	0.3	0.3	-1.9	1.3	1.9	0.0
Soya beans	0.8	0.9	1.0	0.9	0.9	-7.8	-3.0	4.9	0.0
Sunflower	0.3	0.4	0.4	0.4	0.4	15.3	38.9	-12.8	0.0
Palm	0.1	0.2	0.1	0.1	0.1	13.5	0.0	-2.4	0.0
End stocks	1.6	1.6	1.5	1.5	1.5	2.2	8.9	-0.4	0.0
Rapeseed	0.6	0.6	0.6	0.6	0.6	4.3	14.3	-1.4	0.0
Soya beans	0.2	0.2	0.2	0.2	0.2	0.0	5.0	0.0	0.0
Sunflower	0.3	0.3	0.3	0.3	0.3	13.3	9.7	-4.9	0.0
Palm	0.4	0.5	0.5	0.5	0.5	-5.0	7.5	3.5	5.4
Self-sufficiency rate %	71	71	69	71	71				

SUGAR BALANCE

Table 5.11 Sugar beet production and white sugar balance in the EU (million t white sugar equivalent)

	EU-28					% variation	
	2013/14	2014/15	2015/16e	2016/17e	2017/18f	17/18 vs. 16/17	
Beginning stocks	3.2	2.6	3.9	1.9	1.3		-33
White sugar production	16.7	19.5	14.9	16.8	20.1		20
Imports	3.7	2.8	2.9	2.9	1.5		-49
Availabilities	23.6	24.9	21.7	21.7	22.9		6
Total domestic uses white sugar	19.5	19.5	18.4	19.0	19.1		0
- Human	17.5	16.9	16.2	16.8	16.8		0
- Industrial	2.0	2.6	2.2	2.2	2.3		3
<i>o.w. bioethanol</i>	1.2	1.8	1.4	1.4	1.6		12
Exports	1.5	1.4	1.4	1.4	2.8		100
Total uses	21.0	20.9	19.8	20.4	21.9		7
End stocks	2.6	3.9	1.9	1.3	1.0		-20
- Market	2.6	3.9	1.9	1.3	1.0		-20
- Intervention	0.0	0.0	0.0	0.0	0.0		
Self-sufficiency rate %	86	100	81	89	105		
Sugar beet production	109	131	102	107	128		

OLIVE OIL BALANCE

Table 5.12 EU Olive oil balance sheets (1000 t)

	EU-28					% variation	
	2012/13	2013/14	2014/15	2015/16	2016/17f	16/17 vs 15/16	% 5- yr.av.
Production	1 463	2 483	1 434	2 322	1 748	-25	-15
Total domestic use	1 601	1 730	1 569	1 634	1 432	-12	-14
Imports	153	53	225	98	93	-5	-20
Exports	489	601	508	574	570	-1	5
End stocks	427	632	213	426	265	-38	-46
Self-sufficiency rate %	91	143	91	142	122		

MILK AND DAIRY PRODUCTS

Table 5.12 Milk supply and utilisation in the EU-28

	EU-28						% variation				
	2013	2014	2015	2016e	2017f	2018f	14/13	15/14	16/15	17/16	18/17
Dairy cows (million heads)¹	23.3	23.3	23.4	23.3	23.0	22.7	0.3	0.2	-0.4	-1.4	-1.2
of which EU-15	17.8	17.9	18.1	18.1	17.9	17.8	0.7	1.2	-0.2	-1.1	-0.6
of which EU-N13	5.4	5.4	5.2	5.2	5.0	4.9	-1.0	-3.1	-0.9	-2.4	-3.2
Milk yield (kg/dairy cow)²	6 489	6 737	6 863	6 925	7 057	7 201	3.8	1.9	0.9	1.9	2.0
of which EU-15	7 040	7 272	7 359	7 408	7 519	7 632	3.3	1.2	0.7	1.5	1.5
of which EU-N13	4 684	4 951	5 134	5 232	5 416	5 632	5.7	3.7	1.9	3.5	4.0
Milk production (million t)	153.9	159.7	163.0	163.8	164.5	165.8	3.8	2.0	0.5	0.4	0.8
of which EU-15	125.7	130.7	133.8	134.4	134.9	136.1	4.0	2.4	0.4	0.4	0.8
of which EU-N13	28.3	29.0	29.2	29.4	29.6	29.7	2.6	0.5	0.8	0.7	0.4
Feed use (million t)	3.5	3.7	3.4	3.5	3.4	3.3	3.1	-6.3	1.4	-1.8	-1.8
On farm use and direct sales (mio t)	8.5	7.2	6.8	7.0	6.8	6.6	-15.4	-4.9	3.1	-3.6	-2.1
Delivered to dairies (million t)	141.9	148.9	152.7	153.3	154.3	155.8	4.9	2.6	0.4	0.7	0.9
of which EU-15	122.0	127.4	130.8	131.1	131.7	132.9	4.4	2.7	0.2	0.5	0.9
of which EU-N13	19.9	21.5	21.9	22.2	22.576	22.847	8.3	1.8	1.4	1.7	1.2
Delivery ratio (%)³	92.2	93.2	93.7	93.6	93.8	94.0	1.1	0.5	-0.1	0.2	0.2
of which EU-15	97.1	97.5	97.8	97.5	97.7	97.7	0.4	0.3	-0.3	0.1	0.1
of which EU-N13	70.2	74.1	75.0	75.5	76.2	76.9	5.5	1.3	0.6	1.0	0.8
Fat content of milk (%)	4.03	3.98	3.99	4.03	4.01	4.02	-1.2	0.5	1.0	-0.7	0.4
Protein content of milk (%)	3.36	3.35	3.36	3.36	3.36	3.36	-0.1	0.2	0.0	0.0	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 5.13 EU-28 fresh dairy products market balance (1000 t)

	EU-28						% variation				
	2013	2014	2015	2016e	2017f	2018f	14/13	15/14	16/15	17/16	18/17
Production	46 761	46 467	46 920	47 067	47 134	47 228	-0.6	1.0	0.3	0.1	0.2
of which Drinking Milk	31 767	31 404	31 344	31 244	31 150	31 088	-1.1	-0.2	-0.3	-0.3	-0.2
of which Cream	2 575	2 624	2 713	2 689	2 742	2 797	1.9	3.4	-0.9	2.0	2.0
of which Acidified Milk	8 076	7 969	8 045	8 296	8 379	8 463	-1.3	1.0	3.1	1.0	1.0
of which Other Fresh Products ²	4 342	4 471	4 817	4 839	4 863	4 880	3.0	7.7	0.4	0.5	0.4
of which EU-15	40 372	40 057	40 325	40 446	40 486	40 527	-0.8	0.7	0.3	0.1	0.1
of which EU-N13	6 389	6 410	6 595	6 621	6 648	6 701	0.3	2.9	0.4	0.4	0.8
Imports (extra EU)	33	19	12	14	14	14	-43	-36	19	0	0
Exports (extra EU)	635	773	908	1 120	1 064	1 117	22	18	23	-5	5
Domestic use¹	46 159	45 714	46 024	45 961	46 084	46 125	-1.0	0.7	-0.1	0.3	0.1
p.c. consumption (kg)	91.2	90.0	90.4	89.9	89.9	89.7	-1.3	0.4	-0.5	0.0	-0.2
Self-sufficiency rate (%)	101	102	102	102	102	102					

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 5.14 EU-28 cheese market balance (1000 t)

	EU-28						% variation				
	2013	2014	2015	2016e	2017f	2018f	14/13	15/14	16/15	17/16	18/17
Production (in dairies)	9 011	9 213	9 550	9 682	9 898	10 098	2.2	3.7	1.4	2.2	2.0
of which from pure cow's milk	8 298	8 478	8 703	8 817	9 014	9 194	2.2	2.7	1.3	2.2	2.0
of which from other milk ¹	713	735	847	865	884	903	3.1	15.2	2.2	2.2	2.2
EU-15 (in dairies)	7 661	7 843	8 122	8 196	8 338	8 497	2.4	3.6	0.9	1.7	1.9
EU-N13 (in dairies)	1 350	1 370	1 428	1 486	1 560	1 600	1.5	4.2	4.0	5.0	2.6
Processed cheese impact ²	358	350	343	348	348	348	-2.3	-1.9	1.4	0.0	0.0
Total production	9 369	9 563	9 893	10 030	10 246	10 446	2.1	3.5	1.4	2.2	1.9
Imports (extra EU)³	75	77	61	71	71	74	2.5	-20	14.9	0.0	5.0
Exports (extra EU)	786	721	719	800	848	907	-8.3	-0.3	11.3	6.0	7.0
Total domestic use	8 657	8 874	9 206	9 361	9 484	9 613	2.5	3.7	1.7	1.3	1.4
Stock changes	0	45	30	- 60	- 15	0					
Processing use	311	306	303	303	303	303	-1.6	-1.2	0.0	0.0	0.0
Human consumption	8 346	8 567	8 903	9 058	9 181	9 310	2.6	3.9	1.7	1.4	1.4
of which EU-15	7 066	7 241	7 482	7 558	7 629	7 699	2.5	3.3	1.0	0.9	0.9
of which EU-N13	1 280	1 326	1 421	1 500	1 552	1 611	3.6	7.1	5.6	3.5	3.8
p.c. consumption (kg)	16.5	16.9	17.5	17.7	17.9	18.1	2.3	3.6	1.4	1.0	1.1
Self-sufficiency rate (%)	108	108	107	107	108	109					

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 5.15 EU-28 whole milk powder market balance (1000 t)

	EU-28						% variation				
	2013	2014	2015	2016e	2017f	2018f	14/13	15/14	16/15	17/16	18/17
Production	732	766	732	759	744	747	4.6	-4.5	3.7	-2.0	0.5
of which EU-15	666	694	667	692	678	682	4.3	-3.9	3.7	-2.0	0.5
of which EU-N13	67	72	64	67	66	66	7.6	-10.0	4.0	-2.0	0.0
Imports	3	1	4	6	5	4	-58	181	39	-10	-20
Exports	374	390	400	380	361	361	4.1	2.7	-4.9	-5.0	0.0
Domestic Use¹	361	378	336	384	387	390	4.5	-11.1	14.5	0.9	0.6
Self-sufficiency rate (%)	203	203	218	198	192	192					

¹ Domestic use includes stock changes.

Table 5.16 EU-28 skimmed milk powder market balance (1000 t)

	EU-28						% variation				
	2013	2014	2015	2016e	2017f	2018f	14/13	15/14	16/15	17/16	18/17
Production	1 108	1 457	1 534	1 596	1 416	1 416	31	5.3	4.0	-11.3	0.0
of which EU-15	958	1 235	1 321	1 374	1 223	1 223	29	7.0	4.0	-11.0	0.0
of which EU-N13	150	222	213	222	193	193	48	-3.9	4.0	-13.0	0.0
Imports (extra EU)	5	2	3	4	4	4	-54	50	7	0	0
Exports (extra EU)	407	648	692	574	712	819	59	6.8	-17	24	15
Domestic use	697	721	737	762	779	796	3.5	2.2	3.3	2.3	2.2
Ending stocks	80	170	279	543	471	275					
Private (industry)	80	170	250	190	140	155					
Public (intervention)	0	0	29	353	331	120					
Stock changes	10	90	109	264	- 72	- 196					
Self-sufficiency rate (%)	159	202	208	209	182	178					

Table 5.17 EU-28 butter market balance (1000 t)

	EU-28						% variation				
	2013	2014	2015	2016e	2017f	2018f	14/13	15/14	16/15	17/16	18/17
Production	2 127	2 237	2 341	2 403	2 331	2 375	5.2	4.6	2.7	-3.0	1.9
of which EU-15	1 877	1 976	2 063	2 109	2 045	2 076	5.3	4.4	2.2	-3.0	1.5
of which EU-N13	250	261	277	294	285	299	4.2	6.3	6.0	-3.0	5.0
Imports	21	25	3	3	6	21	23	-90	14	100	260
Exports	116	135	172	211	169	161	16	27	23	-20	-5
Domestic use	2 037	2 098	2 161	2 204	2 227	2 235	3.0	3.0	2.0	1.0	0.4
p.c. consumption (kg)	4.0	4.1	4.2	4.3	4.3	4.3	2.7	2.7	1.7	0.7	0.1
Ending stocks	95	125	135	125	65	65					
Private	95	125	135	125	65	65					
Public (intervention)	0	0	0	0	0	0					
Stock changes	- 5	30	10	- 10	- 60	0					
Self-sufficiency rate (%)	104	107	108	109	105	106					

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

	EU-28						% variation				
	2013	2014	2015	2016	2017f	2018f	14/13	15/14	16/15	17/16	18/17
Gross Indigenous Production	43 577	44 433	45 852	47 057	47 267	47 334	2.0	3.2	2.6	0.4	0.1
Live Imports	1	2	2	2	2	2					
Live Exports	179	197	247	291	317	323	10.3	25.2	17.9	9.1	1.7
Net Production	43 399	44 238	45 607	46 768	46 952	47 013	1.9	3.1	2.5	0.4	0.1
<i>EU-15</i>	36 348	36 728	37 654	38 283	38 365	38 245	1.0	2.5	1.7	0.2	-0.3
<i>EU-N13</i>	7 051	7 510	7 953	8 486	8 587	8 768	6.5	5.9	6.7	1.2	2.1
Meat Imports	1 311	1 332	1 368	1 400	1 379	1 426	1.6	2.7	2.3	-1.5	3.4
Meat Exports	3 740	3 539	3 811	4 534	4 333	4 322	-5.4	7.7	19.0	-4.4	-0.3
Consumption	40 970	42 031	43 165	43 634	43 998	44 117	2.6	2.7	1.1	0.8	0.3
Population (mio)	506	508	509	511	513	514	0.3	0.3	0.3	0.3	0.3
Per Capita Consumption¹ (kg)	64.6	66.1	67.7	68.3	68.6	68.7	2.3	2.5	0.9	0.5	0.0
Self-sufficiency rate %	106	106	106	108	107	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 5.19 EU-28 beef/veal market balance (1000 t carcass weight equivalent)

	EU-28						% variation				
	2013	2014	2015	2016e	2017f	2018f	14/13	15/14	16/15	17/16	18/17
Gross Indigenous Production	7 499	7 694	7 862	8 113	8 213	8 103	2.6	2.2	3.2	1.2	-1.3
Live Imports	0	0	0	0	0	0					
Live Exports	109	114	178	219	252	257	5.3	55.5	23.2	15.0	2.0
Net Production	7 390	7 580	7 684	7 894	7 961	7 846	2.6	1.4	2.7	0.8	-1.4
<i>EU-15</i>	6 678	6 791	6 830	6 984	7 026	6 921	1.7	0.6	2.3	0.6	-1.5
<i>EU-N13</i>	712	789	854	910	934	925	10.8	8.2	6.6	2.7	-1.0
Meat Imports	304	308	300	304	307	318	1.5	-2.6	1.3	1.0	3.5
Meat Exports	161	207	209	244	268	271	28.9	0.9	16.6	10.0	1.0
Consumption	7 533	7 681	7 775	7 954	8 000	7 893	2.0	1.2	2.3	0.6	-1.3
Per Capita Consumption¹ (kg)	10.4	10.6	10.7	10.9	10.9	10.7	1.6	0.9	2.0	0.3	-1.6
<i>Share in total meat cons. (%)</i>	18.4	18.3	18.0	18.2	18.2	17.9					
Self-sufficiency rate (%)	100	100	101	102	103	103					

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

Table 5.20 EU-28 pigmeat market balance (1000 t carcass weight equivalent)

	EU-28						% variation				
	2013	2014	2015	2016e	2017f	2018f	14/13	15/14	16/15	17/16	18/17
Gross Indigenous Production	22 384	22 568	23 276	23 589	23 442	23 494	0.8	3.1	1.3	-0.6	0.2
Live Imports	. 05	. 11	. 25	. 26	. 22	. 22					
Live Exports	26	36	21	10	5	5	36.2	-42.0	-52.1	-49.0	5.0
Net Production	22 358	22 533	23 256	23 579	23 437	23 489	0.8	3.2	1.4	-0.6	0.2
<i>EU-15</i>	19 054	19 074	19 716	19 920	19 785	19 745	0.1	3.4	1.0	-0.7	-0.2
<i>EU-N13</i>	3 304	3 459	3 540	3 660	3 652	3 743	4.7	2.4	3.4	-0.2	2.5
Meat Imports	16	14	11	12	12	13	-12.5	-19.6	6.0	2.0	8.0
Meat Exports	2 238	1 947	2 217	2 793	2 542	2 491	-13.0	13.9	26.0	-9.0	-2.0
Consumption	20 135	20 600	21 050	20 798	20 907	21 011	2.3	2.2	-1.2	0.5	0.5
Per Capita Consumption¹ (kg)	31.0	31.6	32.2	31.7	31.8	31.9	2.0	1.9	-1.5	0.2	0.2
<i>Share in total meat cons. (%)</i>	49.1	49.0	48.8	47.7	47.5	47.6					
Self-sufficiency rate (%)	111	110	111	113	112	112					

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

Table 5.21 EU-28 poultry meat market balance (1000 t carcass weight equivalent)

	EU-28						% variation				
	2013	2014	2015	2016e	2017f	2018f	14/13	15/14	16/15	17/16	18/17
Gross Indigenous Production	12 792	13 270	13 788	14 396	14 636	14 748	3.7	3.9	4.4	1.7	0.8
Live Imports	1	1	1	2	1	1					
Live Exports	10	11	10	10	9	9	5.7	-3.3	-7.6	-10.0	0.0
Net Production	12 783	13 261	13 779	14 388	14 628	14 741	3.7	3.9	4.4	1.7	0.8
<i>EU-15</i>	9 829	10 082	10 303	10 593	10 754	10 771	2.6	2.2	2.8	1.5	0.2
<i>EU-N13</i>	2 954	3 178	3 477	3 795	3 875	3 971	7.6	9.4	9.2	2.1	2.5
Meat Imports	791	821	855	881	881	898	3.8	4.1	3.0	0.0	2.0
Meat Exports	1 304	1 353	1 365	1 478	1 492	1 528	3.7	0.9	8.3	1.0	2.4
Consumption	12 270	12 729	13 269	13 791	14 017	14 111	3.7	4.2	3.9	1.6	0.7
Per Capita Consumption¹ (kg)	21.3	22.1	22.9	23.8	24.1	24.2	3.4	3.9	3.6	1.3	0.4
<i>Share in total meat cons. (%)</i>	29.9	30.3	30.7	31.6	31.9	32.0					
Self-sufficiency rate (%)	104	104	104	104	104	105					

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

Table 5.22 EU-28 sheep and goat meat market balance (1000 t carcass weight equivalent)

	EU-28						% variation				
	2013	2014	2015	2016e	2017f	2018f	14/13	15/14	16/15	17/16	18/17
Gross Indigenous Production	902	901	925	959	977	989	-0.1	2.7	3.6	1.9	1.2
Live Imports	0	0	0	0	0	0					
Live Exports	34	36	38	52	52	52	7.7	3.7	38.3	-1.0	0.0
Net Production	868	864	888	907	926	937	-0.4	2.7	2.1	2.1	1.3
<i>of which on-farm slaughterings</i>	108	112	119	148	146	146	3.7	6.6	23.7	-1.0	0.0
<i>EU-15</i>	787	780	805	786	800	808	-0.9	3.2	-2.4	1.8	1.0
<i>EU-N13</i>	81	84	83	121	125	129	4.4	-2.1	46.1	4.0	3.0
Meat Imports	200	189	202	203	179	197	-5.6	7.3	0.3	-12.0	10.0
Meat Exports	36	32	20	19	30	32	-11.8	-38.1	-5.3	60.0	5.0
Consumption	1 031	1 021	1 070	1 091	1 074	1 102	-1.0	4.8	1.9	-1.5	2.6
Per Capita Consumption¹ (kg)	1.8	1.8	1.8	1.9	1.8	1.9	-1.3	4.5	1.6	-1.8	2.3
<i>Share in total meat cons. (%)</i>	2.5	2.4	2.5	2.5	2.4	2.5					
Self-sufficiency rate (%)	87	88	86	88	91	90					

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

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 (July/June). Crop marketing years start with the harvest. Thus, area, yield and production figures of crops refer to the year of harvest.

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-EU trade statistics).
- 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 AGRI4CAST⁷), 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.

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 cereals⁸. 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: The balance sheet includes both sugar beet and white sugar. For sugar beet the procedure is similar to the other arable crops. 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 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.

⁷ <http://mars.jrc.ec.europa.eu/mars/About-us/AGRI4CAST/Crop-Monitoring-and-Yield-Forecasting>

⁸ 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.

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 equivalent⁹.

Production forecasts for the year 2017 and 2018 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 production¹⁰. Production of EU-28 total dairy products and in particular for SMP and WMP are estimated, where necessary since the concentration in the dairy

⁹ 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.

¹⁰ 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-N12 includes the Members States that joined the EU in 2004: the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia, and in 2007: Bulgaria and Romania.

EU-N13 includes EU-N12 plus Croatia, which joined the EU the 1st July 2013.

EU-27 includes EU-15 plus EU-N12, i.e. the European Union between 2007 and 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)

processing industry has resulted in an increasing number of Member States not publishing their milk (monthly) production statistics due to confidentiality.

Milk production estimates for year 2015 are based on Eurostat annual statistics, estimates for 2016 and projections for 2017 and 2018 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.

DISCLAIMER: While all efforts are made to reach robust estimates, uncertainties on results may still remain. This publication does not necessarily reflect the official opinion of the European Commission.

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