European Commission

The 2017 EU Agricultural Outlook conference

Main drivers of EU agricultural markets and income developments

Brussels 18 -19 December 2017

#AgriOutlook

Agriculture and Rural Development


Is the Agricultural Outlook only about commodities ?

Introducing the Agricultural Outlook 2017-2030

A longer outlook period	Helps to identify the main underlying drivers Stronger focus on consumption trends
Main results	What the market outlook means for farm income and the environment
The big unknowns	A tool to tackle uncertainty and assess the potential impact of big unknowns

Anticipating production trends starts by understanding consumers' demands

More consumers want food that:

- is produced in a sustainable way
- is healthy
- protects the environment
- helps fighting climate change
- respects the animals
- is fair to famers
- is produced locally…

➡ Can EU agriculture respond to this challenge?

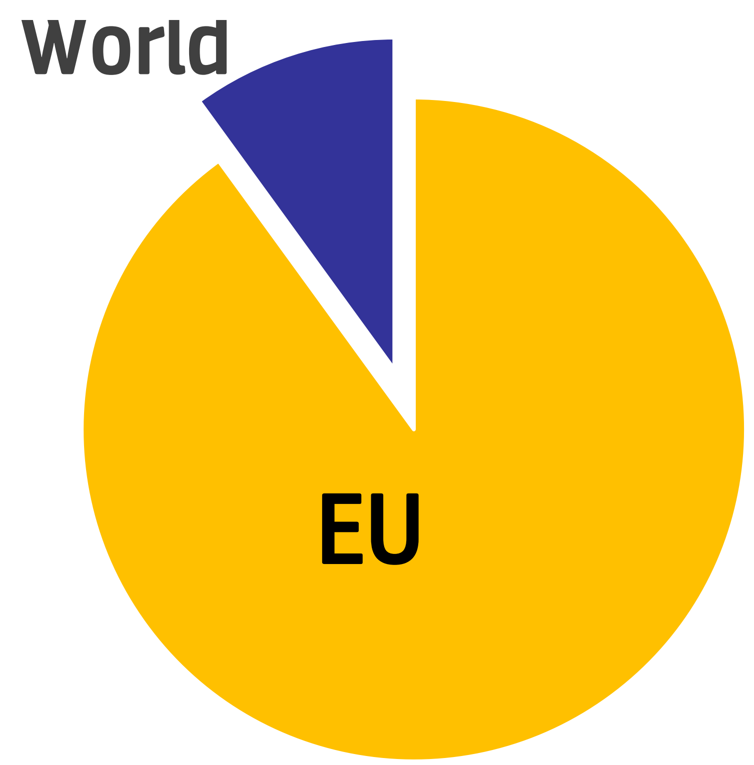
➡ How can the EU turn this challenge into an opportunity?

➡ What impact for market outlook?

Who eats EU agricultural products?

EU remains the main market for EU agricultural products

- Around 90% consumed by the more than half billion European consumers
- But only small growth in population and per-capita food consumption



Around the world

- Growing demand for food, mostly due to population growth (although growth rates faltering) and income growth
- Often this demand growth not met by increase in their domestic production
- The EU is well placed to grasp these market opportunities

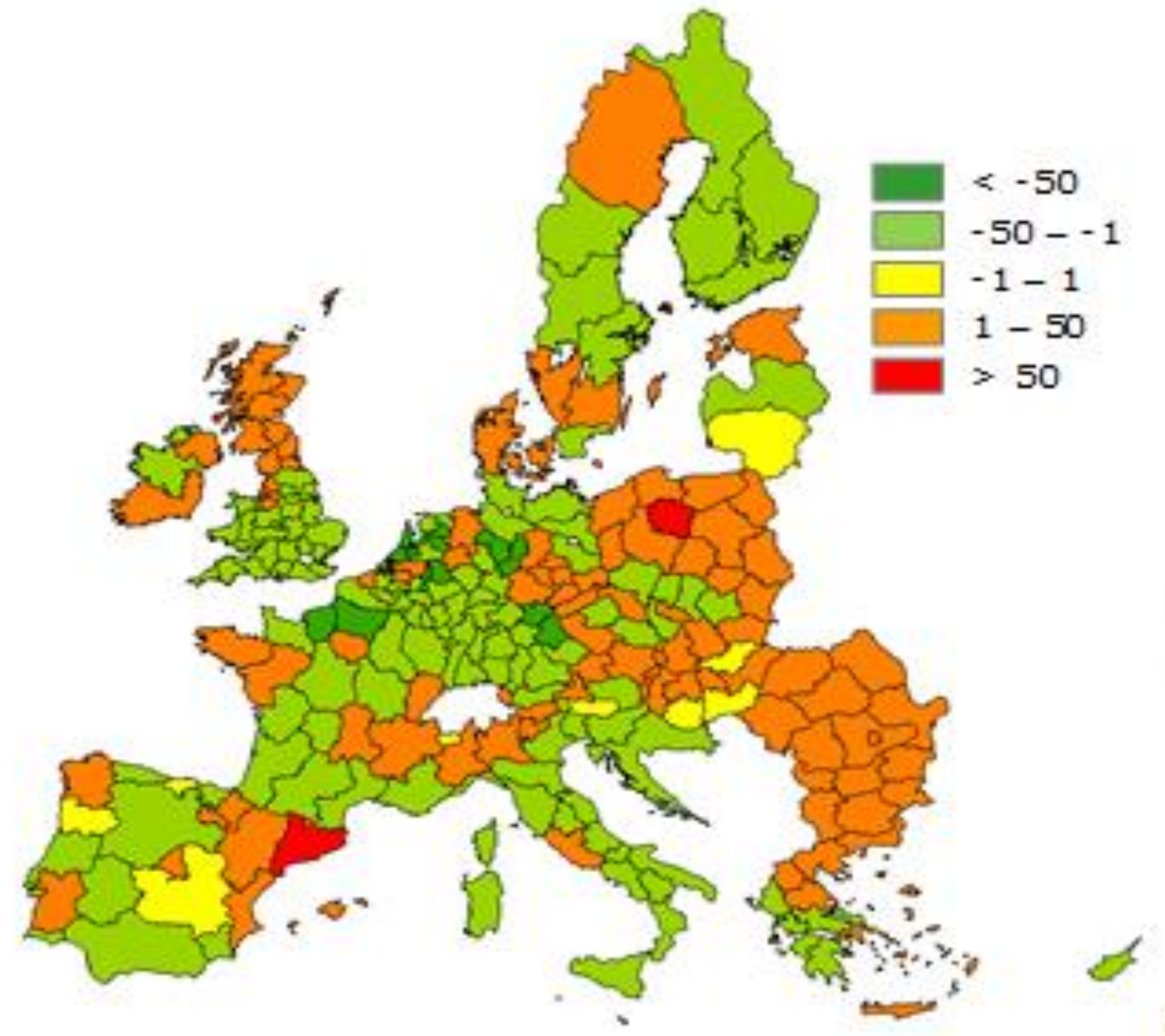
Impact on key environmental indicators

Translating market outlook into environmental indicators related to

- Emissions:
  - greenhouse gas
  - and air pollutants
- Nutrient surplus

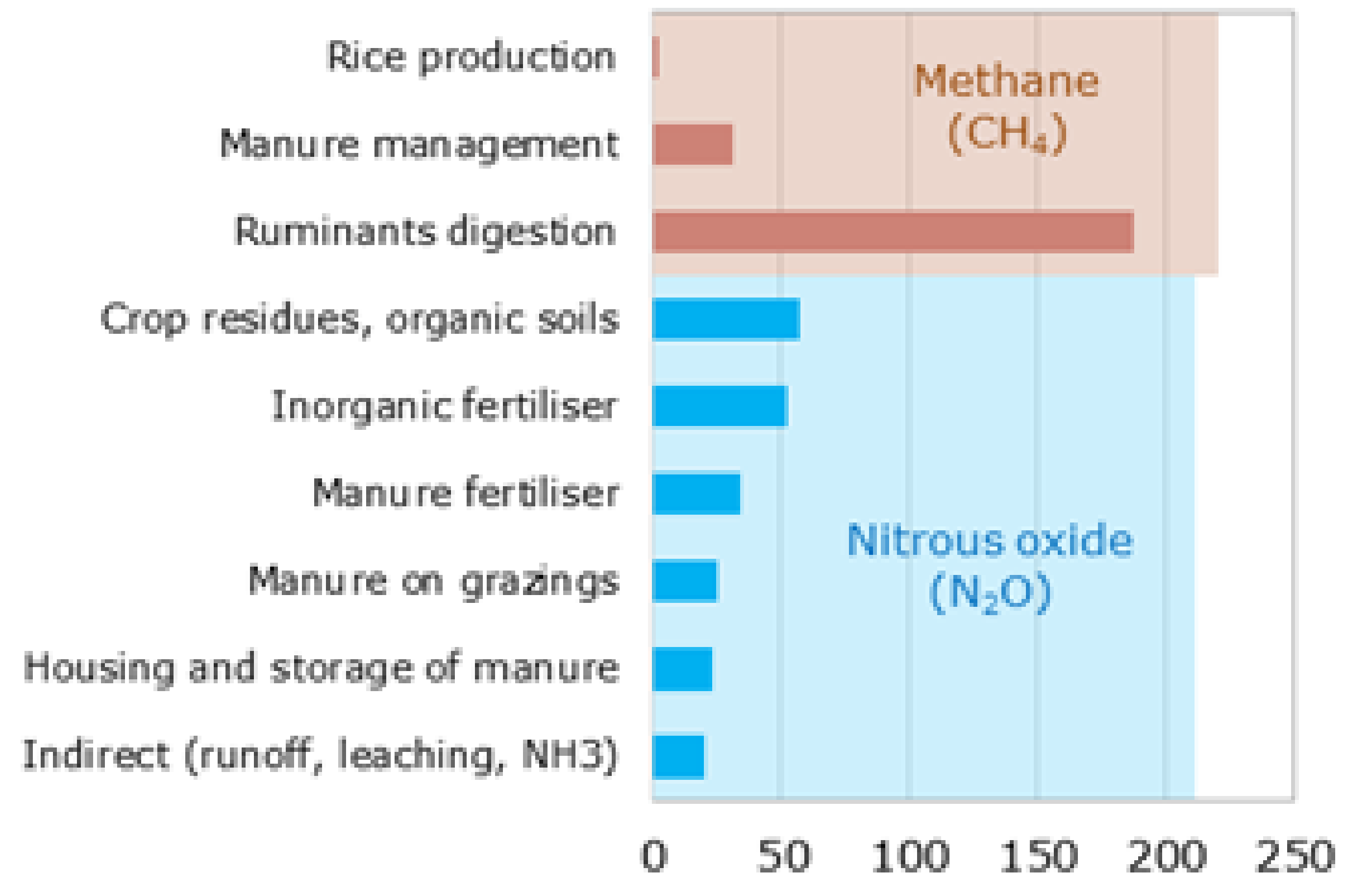
Potential to assess the contribution of farming to COP 21 and SDGs

N-surplus change 2030-2008 (kg N / UAA ha)

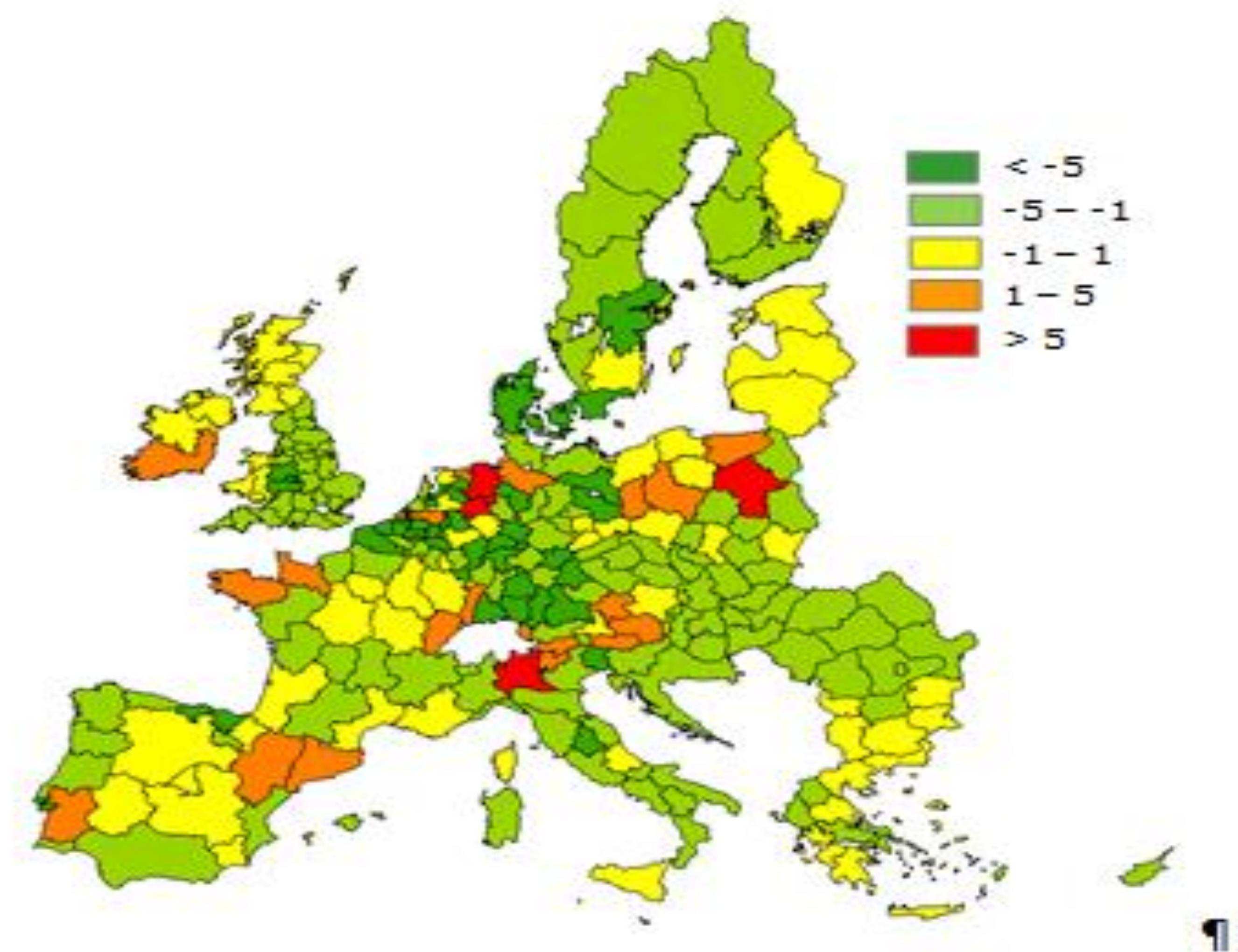


Source: DG JRC, based on the 2016 CAPRI baseline.

Non-CO_2 GHG gas emissions sources in the EU-28 in 2030 (million t CO_2 equivalent)



Ammonia emissions change 2030-2008 (kg NH_3/UAA ha)



Source: DG JRC, based on the 2016 CAPRI baseline.

Big uncertainties for the future

Will the Russian import ban continue?

Assumed to continue until end 2018

Only gradual and partial recovery of EU exports to Russia

What will be the impact of Brexit?

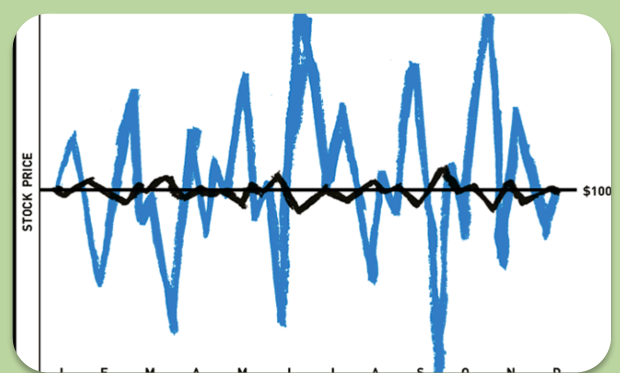
As outcome of negotiation not known

Outlook for EU28 includes the United Kingdom

What will be the impact of future trade agreements?

The outlook does not include future agreements

Nor those recently concluded but not yet ratified



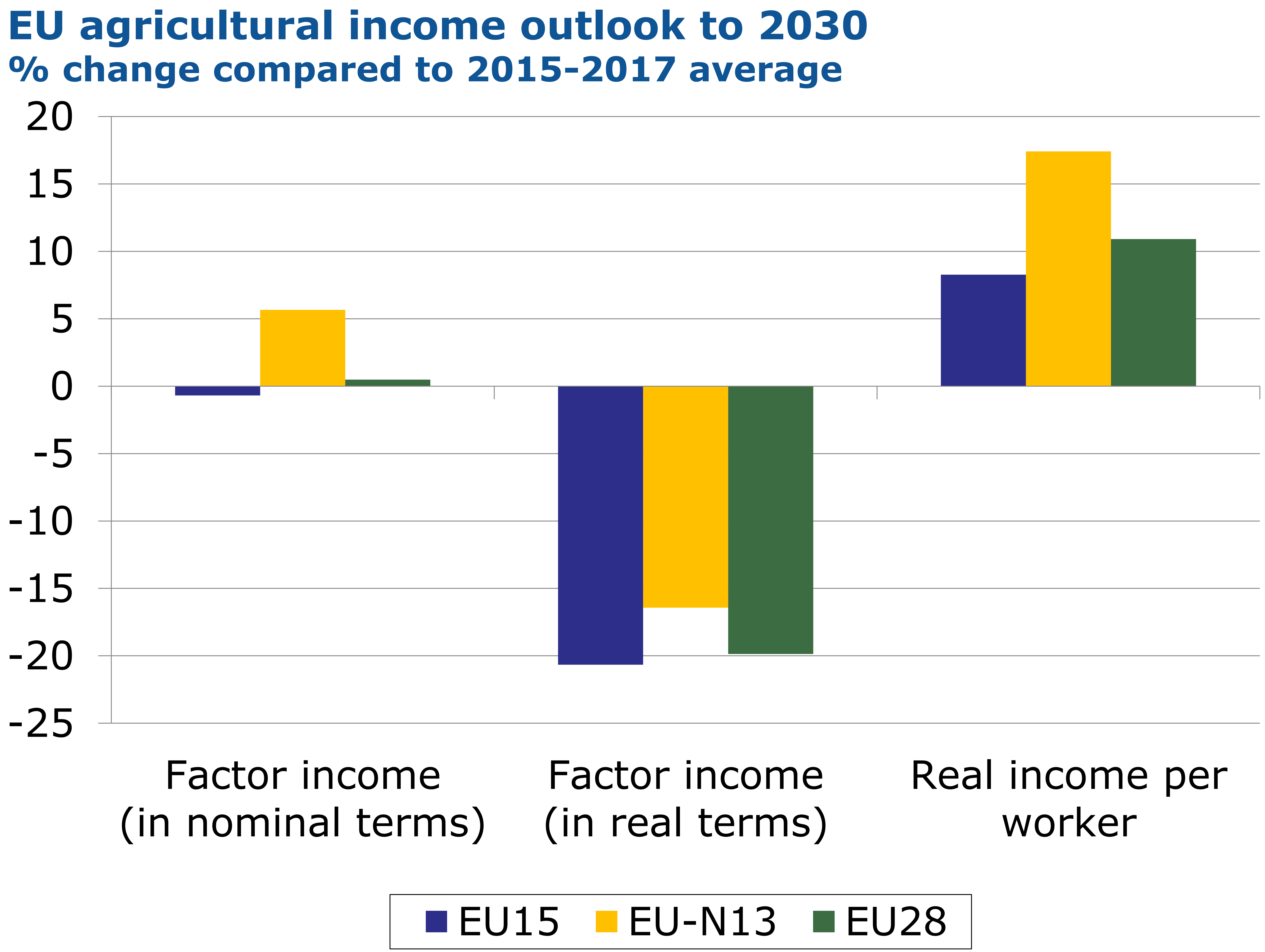
Will prices be more or less volatile?

The outlook assumes average weather and stable macroeconomic environment

However JRC assess the impact of past yield and macroeconomic variability

And many more: the outlook is used to assess the impact of different assumptions

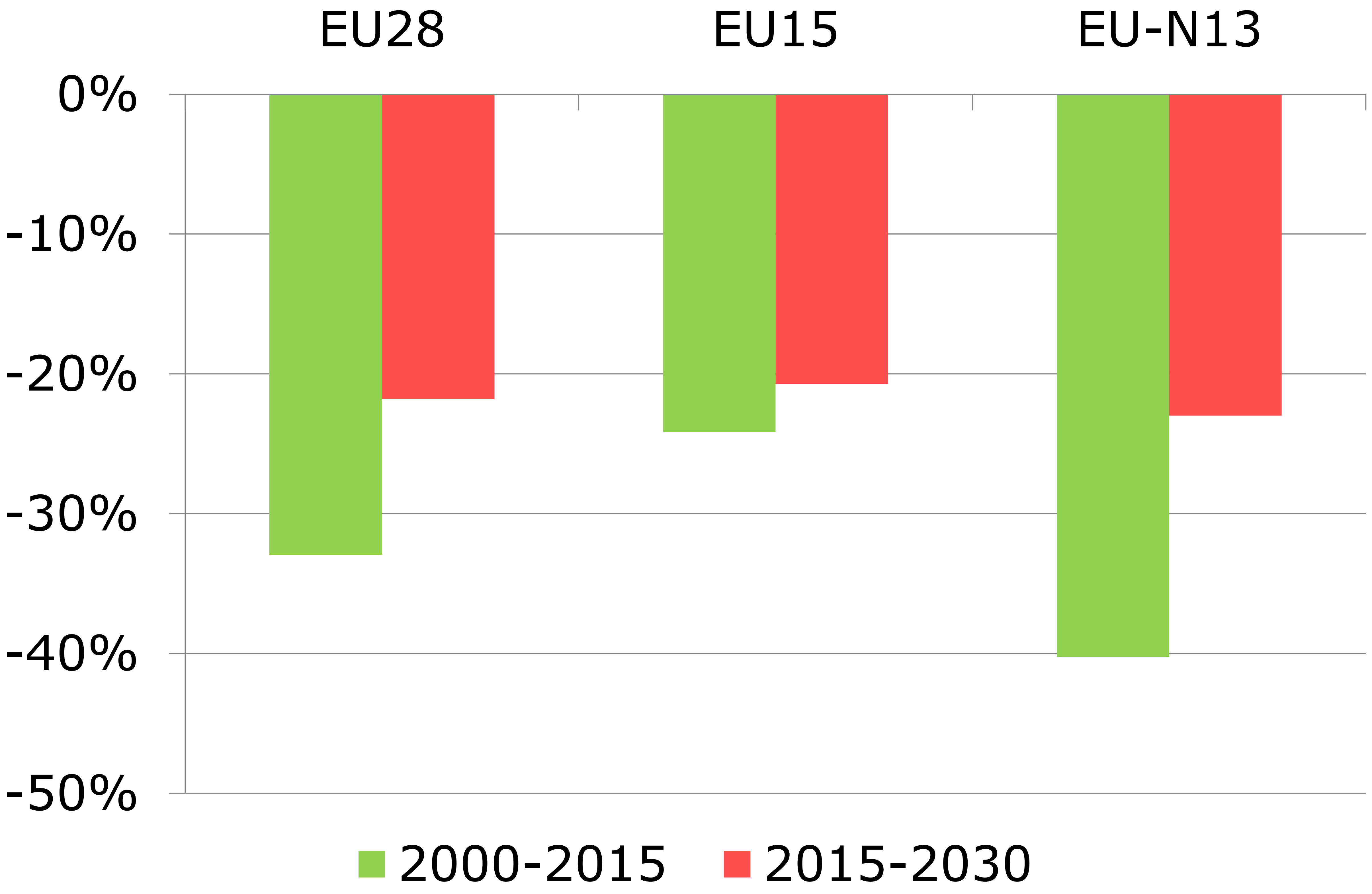
Outlook for EU agricultural income



- Growing real income per worker…
- … since labour outflow larger than decline in real income
- Improved performance in EU-N13

Outlook for EU agricultural income
Labour outflow assumed to slow down

Decline in agricultural labour (full time equivalent)



Source: Eurostat and DG Agriculture and Rural Development

Thank you

Agricultural Outlook

https://ec.europa.eu/agriculture/markets-and-prices/medium-term-outlook_en

Markets briefs

https://ec.europa.eu/agriculture/markets-and-prices/market-briefs_en

CAP reform

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