



The 2018 EU Agricultural Outlook Conference

THE FUTURE OF FOOD AND FARMING

FOOD FOR THOUGHT

Main drivers of the EU Agricultural Outlook

Brussels, 6 -7 December 2018



Agriculture
and Rural
Development

WHAT IS INCLUDED IN THIS "BASELINE"

An assumption of fixed present policy environment...

- *The CAP is as it is today*
- *BREXIT is still not in (but UK-specific data are also presented...)*
- *Only ratified trade agreements included*

...with greater emphasis on analysing environmental impacts of the Outlook...

- *Emissions are calculated based on livestock numbers (but excluding net removals from LULUCF)*
- *Impacts on soil, water and biodiversity, at regional level*
- *More specific analysis is carried out on the impact of climate change*

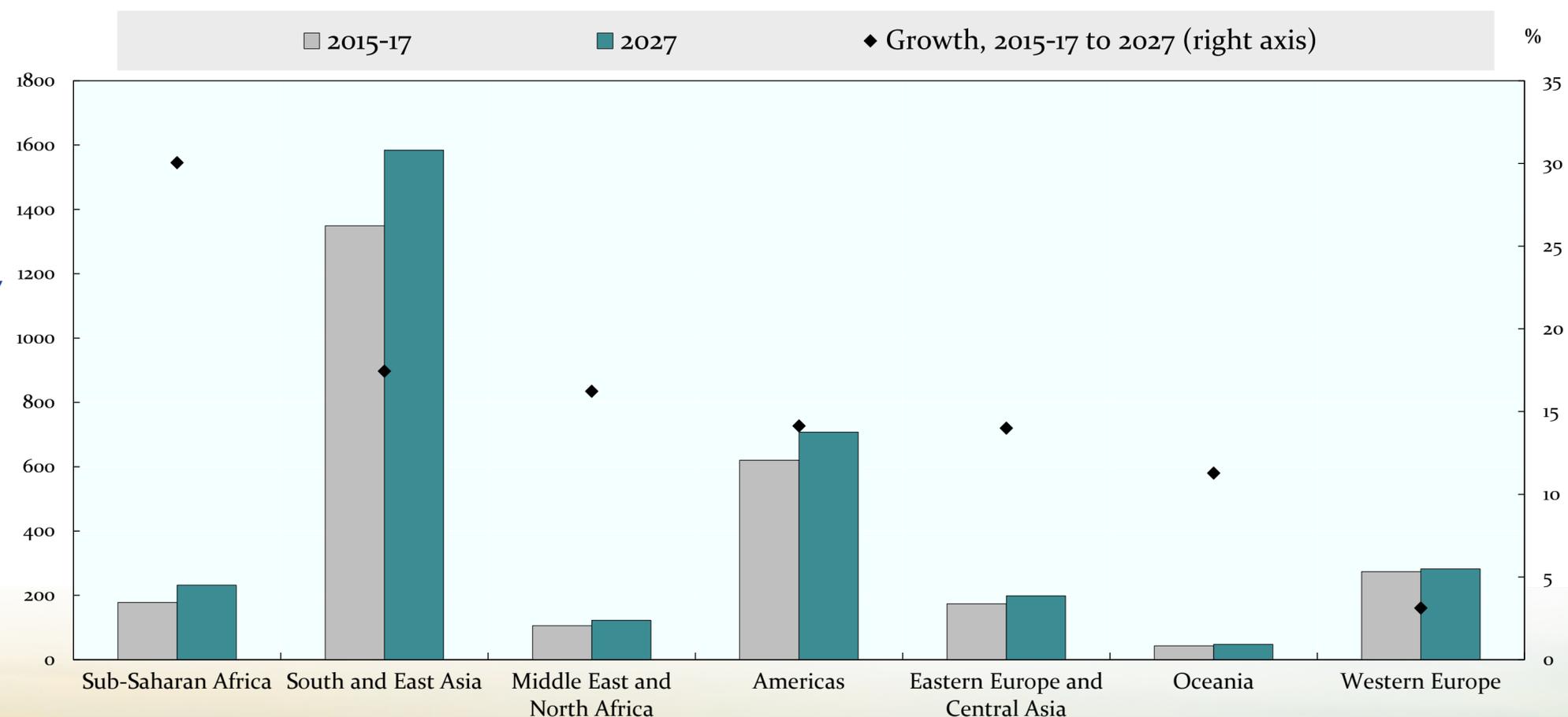
...but uncertainty scenarios attempt to shed light on alternative outcomes

- *Scenarios on the impact of Chinese-US trade tensions on soya and pigmeat*
- *Drivers of protein-rich crop development in the EU*
- *EU food waste reduction impacts*

THE WORLD BIG PICTURE – MACRO AND AGRICULTURE

- **Global production matches the strong demand, in spite of low prices.**
- **Growth mostly due to yield gains, less from area expansion.**
- **Outlook assumes continued economic growth, mostly in emerging economies**
- **Energy prices expected to grow moderately**

Agriculture and fisheries production, billion USD (constant 2004-06 prices)



Source: OECD Agricultural Outlook 2018-2027

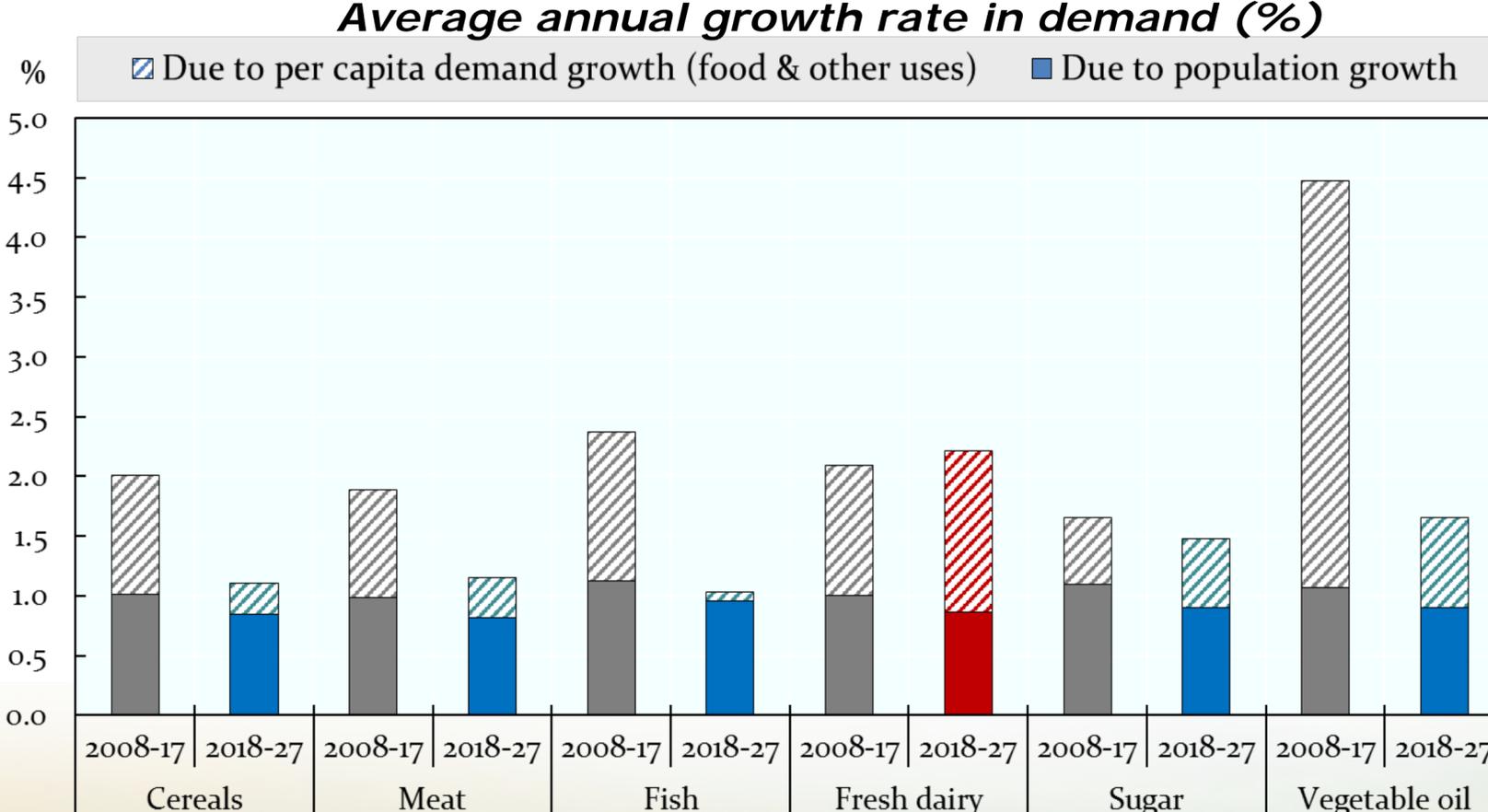


European
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Rural Development

THE WORLD BIG PICTURE – GLOBAL FOOD DEMAND

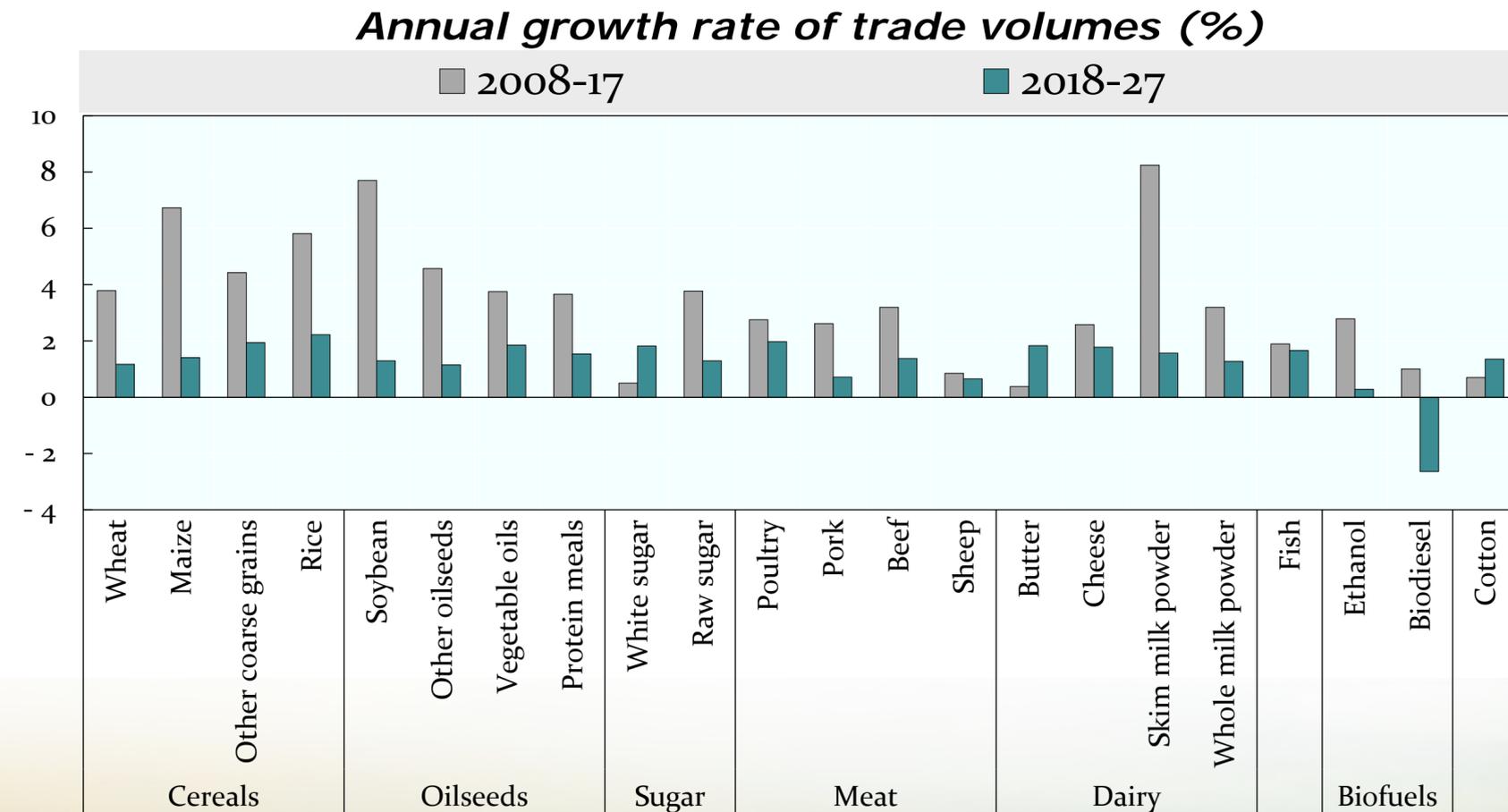
- *Growth in demand for agricultural commodities slows down – except for dairy*
- *Consumers aspire to value-added products*
- *Population and income growth impact asymmetrically demand*



Source: OECD Agricultural Outlook 2018-2027

THE WORLD BIG PICTURE – AG TRADE

- *As demand growth slows down, so do trade volumes*
- *The slowdown is bigger in the meat and consequently in the feed sectors*
- *The "food versus fuel" tension seems to be over in trade flows*



Source: OECD Agricultural Outlook 2018-2027



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BRIDGING YESTERDAY'S THEMES WITH TODAY

The supply side

- *Rapidly expanding use of Farming 4.0 technologies affects asymmetrically productivity*
- *Smart farming applications speed up both physical and human capital renewal*
- *Efficiencies in chemical applications and best practices are crucial for reversing biodiversity loss*

The demand side

- *Blockchain used to better pass information between producer and consumer along the food chain*
- *Consumers are increasingly aware of link of food to plant, animal and human health issues*
- *Consumers are also more demanding on information linked to the environment footprint of food*

The market and trade side

- *Expected outlook price path less volatile, but remaining uncertainties impact income expectations*
- *Increasing innovative solutions have the potential for a net jobs and growth effect*
- *The livestock sectors are expected to face most difficulties in addressing emission trade-offs*

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Thank you for your attention!

https://ec.europa.eu/info/files/report-eu-agricultural-outlook-markets-and-income-2018-2030_en

