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## Short-Term Outlook for EU arable crops, dairy and meat markets in 2016 and 2017

### Contents

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

This publication presents the short term outlook for the arable crops, meat and dairy markets in the EU for 2016-2017. The report is based on analysis of market experts within the Directorate-General for Agriculture and Rural Development of the European Commission. Information and data available until 15 February 2016 have been used. Next issue will be published in spring 2016.

Directorate-General for Agriculture and Rural Development – Short Term Outlook – N°14  
[http://ec.europa.eu/agriculture/markets-and-prices/index\\_en.htm](http://ec.europa.eu/agriculture/markets-and-prices/index_en.htm)

### HIGHLIGHTS

- Slowdown in GDP growth of developing economies, depreciation in some competing currencies and a lower crude oil price pull down commodity prices.
- Livestock: excess supply in both the EU and the world, mainly in the milk sector, but EU exports hold firm.
- Crops: ample cereal supplies push crop prices lower, except for sugar due to a worldwide deficit.

The slowdown in the economic growth of developing economies, although partially compensated by a recovery in developed countries, contributes to the general decline in commodity prices, including in oversupplied crude oil. Depreciation in some competing currencies limits the competitive advantage of the euro at 1.10 EUR/USD.

In 2016, milk deliveries are expected to further increase in the EU and the US, thus weighing on prices. Despite good export prospects, intervention stocks of SMP could increase significantly. Cheese exports will continue performing well in 2016, but will not reach 2013 levels, when Russia was purchasing 30% of EU cheese exports.

A reduced breeding herd will bring pigmeat production slightly down in 2016, while poultry meat production will increase at lower speed, challenged by world competition. Good exports of meat and live cattle bring relief in the beef market, still driven by the increase in dairy supply. Greater meat availability in the EU market favours a further slight increase in EU *per capita* consumption, following two years of strong growth.

EU cereal production is expected at close to 310 million tonnes in 2015/2016, a good level considering that maize production was below average following a dry and hot summer. Although rapeseed and sunflower seed production was also below average, overall oilseed production remained stable due to an increase in soybean area. The significant reduction in EU white sugar production and the projected correction of the world market imbalance in 2015/2016 should allow EU sugar prices to increase.

## 1. MACROECONOMIC OUTLOOK<sup>1</sup>

### World economic growth: mixed picture as developed countries continue to recover ...

World economic growth is affected by a decline in commodity prices, strong changes in exchange rates and a slowdown in demand in emerging economies, only partly compensated by slightly better prospects in developed countries. Overall, world economic growth is expected to reach 2.6% in 2015 (compared to 2.7% in 2014), 2.7% in 2016 and 3.1% in 2017.

In its fourth year of recovery, the EU economy benefited from the lower oil price, the euro exchange rate and lower financing costs. Growth reached 1.9% in 2015 and could remain at this level in 2016 and 2017. All Member States except Greece are expected to register growth in 2016. The highest growth rates are registered in Ireland, Sweden and in central and eastern EU countries such as Romania, Poland, Latvia, Lithuania and Slovakia. The lowest growth rates are expected in Belgium, Finland, France and Italy, with negative growth in Greece.

In the US, economic growth remains strong at 2.5%, the highest rate since the financial crisis, boosted by domestic demand (less unemployment, moderate wage growth, declining oil price) and investments in the non-oil sectors. On the other hand, the appreciation of the US dollar (+18% in real effective terms since mid-2014) and the slowdown in emerging economies weighs on the external demand for US products. Both aspects translate into a decrease in export potential and higher imports.

### ... and developing economies slow down

Growth in emerging and developing countries peaked down in 2015, triggering increasing concerns about consequences for the overall world economy.

This development is partly due to the fact that commodity exporting countries are affected by lower export prices, with net capital outflows because of a series of fiscal, political or geopolitical constraints adding further to the slowdown in their economies. This is particularly the case in energy exporting countries like Angola, Ecuador, Nigeria, Russia or Venezuela.

Expectations of a continuation of the recession in 2016, political uncertainties and loss of investor confidence in Brazil also weigh on neighbouring Latin American countries. In Russia (where the ban on agricultural imports is expected to be in place at least

until August 2016), the situation is also characterised by strong inflation, following the depreciation of the ruble, and by the impact of sanctions that cut off the Russian economy from the rest of the world. For many of these destinations, EU agricultural exports might be affected.

By contrast, countries less dependent on commodity exports in Asia and Africa are benefitting from low oil prices. In Asia, India's growth rate keeps on accelerating. And although China's growth rate decelerated, it is still expected to remain higher than 6% per year in 2016 and 2017.

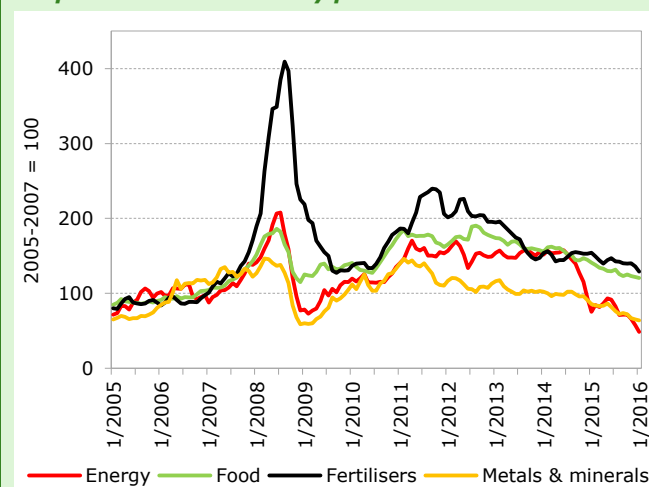
### General decrease in commodity prices

Beyond oil price, all commodity prices decreased, as a consequence of abundant supplies, deceleration of growth in emerging and developing economies, as well as an appreciated US dollar relative to most of the currencies in the world.

2015 energy costs were affected by the decrease in oil price, but other energy sources are also cheaper. Natural gas production continues to increase (while shale gas output declined recently) and gas prices declined due to record stocks and a mild winter affecting demand. Coal consumption decreased because of the competition with a cheaper natural gas and a global move towards cleaner sources of energy, including in China where coal consumption stabilised after more than ten years of strong increase. Minerals are also affected by a weak demand in emerging economies, as well as by currency depreciation in producing countries. Price levels are even lower than during the financial crisis (2009).

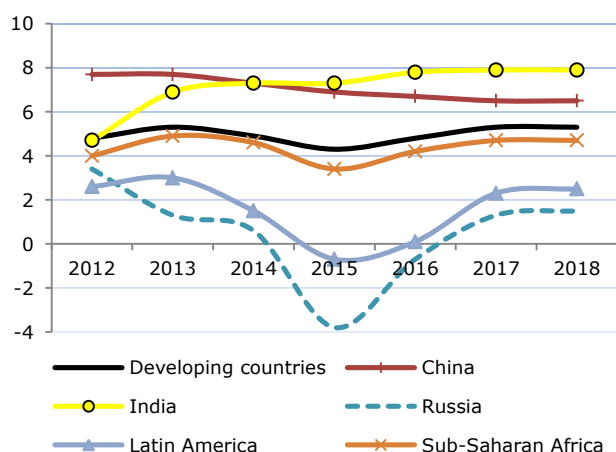
Fertilizer prices follow partly the energy and mineral prices trend (driving lower production costs of nitrogen fertilizers in particular). The price of phosphorus and potash also declined, due to weaker demand (lower agricultural prices affect negatively the demand for fertilizers) and capacity expansion. The price of these commodities has declined, although less than for energy and metals: they remain 20 to 30% above their 2009 peak in nominal terms. Food commodity prices are also declining because of strong production, sufficient stocks and low energy costs (implying less incentive to produce biofuels).

Graph 1 Main commodity price indices



Source: World Bank

<sup>1</sup> Based on IHS (cut-off date 15<sup>th</sup> of February 2016), the European Economic Forecast Winter 2016 (4<sup>th</sup> of February 2016) and the World Bank Global Economic Prospects (January 2016)

**Graph 2 GDP growth in emerging economies (%)**

Source: World Bank

### The euro-dollar exchange rate stabilises, but many currencies keep on depreciating

Driven by a combined number of factors (related to economic growth, oil price, monetary and other macroeconomic policies, geopolitical tensions, etc.), the US dollar keeps on strengthening compared to most currencies. The exchange rate with the euro has stabilised at around 1.10 EUR/USD, 20% below its 2013 level, fluctuating between 1.05 and 1.15 since March 2015. The weakening of the euro against the US dollar has helped EU competitiveness, and the outlook for 2016 suggests a similar trend.

The currencies of other high income countries (Canada, Japan, Australia, New Zealand...) have also depreciated against the US dollar in similar proportions as the euro since 2013. In emerging economies, currencies generally have depreciated against the US dollar and the euro: some deeply like the Ukrainian hryvnia, the Russian ruble, the Argentinian peso and the Brazilian real, others to a lesser extent but enough to depreciate versus the euro (e.g. in Mexico and South Africa). Both in Argentina and Brazil, currencies are expected to further depreciate against the US dollar in 2016, boosting their export capacity. By contrast, some Asian currencies stood close to the US dollar (e.g. in China, Thailand and India), thus more favouring their import potential.

### Crude oil price expected to remain at low levels

Throughout 2015, the Brent crude oil price kept falling to reach a level close to 30 USD/bbl (70% below its 2014 average level) in January 2016. This price decline is driven by abundant supplies due to existing stocks, OPEC's unwillingness to cut supply, and the expected new Iranian supplies. The increase in oil consumption due to lower prices remained tempered by slower growth in emerging economies and mild

temperatures in the Northern hemisphere. The oil price is forecasted to remain low in the coming years (38 USD/bbl in 2016 on average; 49 USD/bbl in 2017).

This will have positive consequences for oil importing countries and for energy intensive sectors, like agriculture. However, oil exporting countries are affected by a slower economic growth than expected, which may impact on their ability to buy agricultural and food processed products.

#### A WTO agreement reached in Nairobi

The WTO's Tenth Ministerial Conference was held in Nairobi, Kenya, from 15 to 19 December 2015. The Nairobi Package contains a series of six Ministerial Decisions on agriculture and issues related to least-developed countries. The most visible decision tackles export competition. The other agricultural decisions cover public stockholding for food security purposes, a special safeguard mechanism for developing countries and measures related to cotton.

The central piece of the Nairobi Package is a Ministerial Decision on Export Competition. This includes the decision to eliminate export subsidies. Developing countries have time until end-2018 to eliminate subsidies with some limited exceptions reaching until 2030. For developed countries the decision entered into force immediately with limited exceptions until 2020. For the EU there is no need to change current practices as no export subsidies are granted. Canada, Norway and Switzerland might be required to end their current practice of providing export subsidies as are India and Turkey although they are granted a longer phase-out period.

The use of export financing instruments is restricted, including a maximum 18 months tenor for all export financing instruments, self-financing requirement over long-term and the need to charge risk-based premiums for risk-cover instruments. Although the phasing-in period for new disciplines is longer for developing countries, the same self-financing requirement also applies to them. The impact for the EU is limited, as there is no EU scheme and the impact on Member States schemes is small. The decision could have impacts for the US as the Nairobi package is more restrictive than current US permanent law.

In addition, the Ministerial decision also addresses the remaining elements of the export competition pillar: international food aid and agricultural exporting state trading enterprises. The anti-circumvention provision of subsidies coupled with increased transparency requirements for State Trading Enterprises have a potentially disciplining effect on China and India. Finally, on food aid, the decision establishes that food aid has to be needs driven and unconditional. In-kind food aid is not allowed when it has adverse effects on local production. Donor or recipient countries of food aid on the other hand face a number of disciplines towards monetization of the aid. The EU complies with the decision as all food aid is given in cash. A number of other countries might have to adjust practices, in particular the US.

Overall the Nairobi package should be considered a success. Both for the WTO as it delivered on a longstanding issue and restored the negotiating function of the organization and for the EU as current practices are in line with the ministerial decision.

## 2. ARABLE CROPS

### Good harvest and ample stocks worldwide

World wheat production for 2015/2016 is estimated at 731-735 million tonnes, roughly at its level of the 2014/2015 record season. Despite a slight increase in feed demand, stocks are expected to reach their highest level in 13 years, with a world stock-to-use ratio of 32%.

Maize production for 2015/2016 is expected to be lower than in 2014/2015, somewhere around 970 million tonnes, following dry conditions in South-Africa and India. Trade is expected to increase slightly to cover the needs of South-Africa and other countries with lower production. As utilisation is expected to be rather stable, stocks are likely to be slightly lower than in previous years, although the extent differs between different sources (FAO, IGC, USDA). The stock-to-use ratio for 2015/2016 is expected to be around 20%, compared to 21% last year.

The overall good cereal harvest, combined with ample stocks and a general bearish market for commodities, led to a decreasing price path for all cereals during 2015. At world level, maize and wheat prices lost about 10% of their value during the year.

### Record wheat harvest, but less maize in the EU

With a production of 309 million tonnes in the EU for 2015/2016, the harvest can be considered very good as it is the second best over the last five years, behind only the 2014/2015 record harvest. The 1.9% cereal area reduction and 4.1% lower yields resulted in a production 6.0% below last year. However, the cereal harvest hides a strong difference between the wheat and maize harvest.

With close to 151 million tonnes of soft wheat harvested in 2015/2016, the EU wheat production set a new record with over 2 million tonnes above 2014/2015 (+1.4%), or 15% above the 5-year average. As the harvested area declined by 0.6%, the increase in production is solely due to exceptionally high wheat yields averaging 6.3 t/ha in the EU. Barley production increased slightly compared to last year despite a 1.7% contraction in area.

The production of durum wheat increased significantly in 2015/2016, a change in trend, following high prices and the presence of voluntary coupled support in some Member States. Area increased with 6.9% compared to 2014/2015 and yield by 4.3%, resulting in a production of 8.5 million tonnes in 2015/2016.

Maize production, on the other hand, dropped by almost 26% compared to 2014/2015, standing at 12% below the 5-year average at 58 million tonnes. While the area decreased by 5.6% compared to last

year, the average maize yield decreased by more than 20%. As detailed in earlier versions of this report, summer weather conditions have been challenging for the development of summer crops with a combination of heat waves and severe droughts in large areas of southern, central and eastern Europe. To some extent, the reduction in area harvested is also the result of low yields, as farmers decided to harvest the maize as green maize instead of grain maize in some regions.

Similar negative effects on yield can be observed for triticale, sorghum and rye. Production for other cereals decreased significantly, following a strong contraction in area by 24%.

### Minor shift in EU feed use

Feed use increased by 1 million tonnes to 173 million tonnes, supported by an increase in dairy output and livestock production and low cereal prices. Given the lower maize availability, feed use is likely to shift towards more soft wheat (+2 million tonnes) and barley (+ 1.1 million tonnes).

### Cereal export growth slows down

Cereal exports are expected to be significantly lower (-8 million tonnes) in 2015/2016 than in 2014/2015, at close to 44 million tonnes. However, this is still almost 20% higher than the 5-year average, and confirms the strong competitiveness of the EU cereal sector. Despite higher wheat production, the biggest decrease is expected to occur in soft wheat (-2.2 million tonnes), barley (-1.7 million tonnes) and maize (-2 million tonnes). While the reduction in maize exports is mainly a result of supply contraction, barley exports are to a large extent driven by Chinese imports. China significantly increased barley and sorghum imports the last years after problems of non-authorized GMO presence in their maize imports. These exports to China face a slowdown in the last couple of months, hence the slightly reduced forecast compared to earlier estimates.

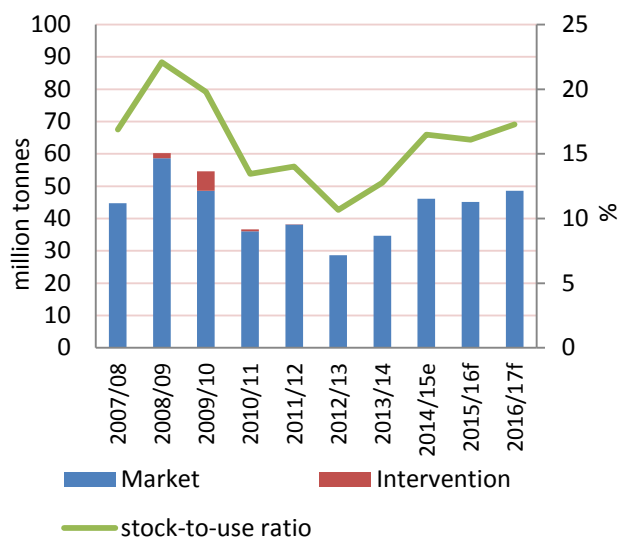
Imports should amount to 17 million tonnes in 2015/2016, up by about 1 million tonne from 2014/2015. The increase is most pronounced for maize due to the strong reduction in domestic production.

### Wheat stocks increase, but maize stocks decline

Final stocks of cereals for marketing year 2015/2016 are expected at 45.5 million tonnes, 0.6 million tonne below last year. The total stock-to-use ratio for cereals is forecasted to be 16%, almost unchanged compared to 2014/2015 and 2.5 percentage points higher than the 5-year average. The record wheat harvest and reduced exports would lead to ample soft wheat stocks of 17.2 million tonnes or a stock-to-use ratio of 15%, the highest level since 2008/2009. In

the case of maize, the exact opposite is foreseen to happen, with the stock-to-use ratio falling from 30% to 20% in 2015/2016.<sup>2</sup> This is among the lowest ratio seen in the last years and it could support the EU market in the short-term.

**Graph 3 EU cereal stocks and stock-to-use ratio**



Source: DG Agriculture and Rural Development

## Cereal prices

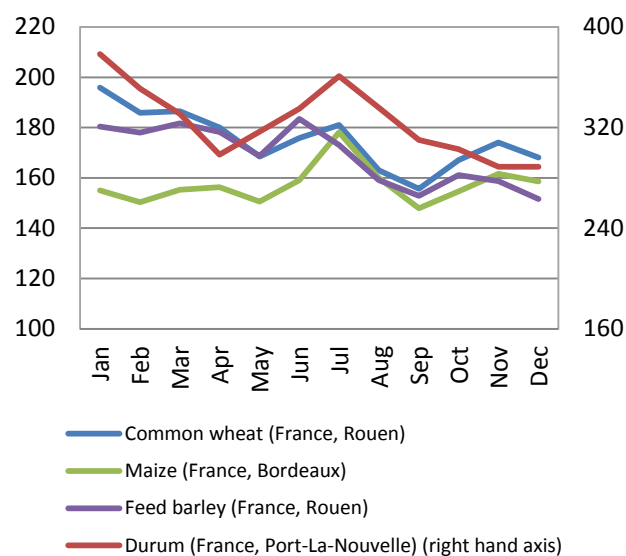
Prices remained lower at world level with a supportive EUR/USD exchange rate and very low freight costs following the drop in oil price that continued in 2015. Similar to world cereal prices, the overall trend for EU prices in 2015 has been moving downward. Soft wheat (delivered Rouen, France) decreased by 14% or almost 28 EUR to 168 EUR/t in December 2015. Durum wheat price decreased even more (-24%), but the price has been more volatile with the real decrease only happening since summer. Feed barley price decreased also by 16% gradually through the year. However, maize prices have been rather stable over the year. This price path deviates from the other cereals. It can be explained by the strong production shortfall creating a relative shortage on the market, as illustrated by the price peak over summer, when the weather turned very hot and dry and prices adjusted in expectation of a bad harvest. This brings barley and maize prices closer, after a period in which barley was more expensive, mainly driven by the strong exports to China.

In the short-term, there are no fundamental reasons for price levels to change. Stocks in the EU and worldwide are ample and the moderate effect of El Niño on markets is already incorporated in price expectations. Unless new weather events change the crop development progress, there is no reason for higher cereal prices. This development raises the

<sup>2</sup> The maize stock at the beginning of the campaign is always higher than for wheat as part of the stock is used to bridge the gap before the next maize harvest.

question on whether this is the new average price level to be expected, although it is too early to assess it. Although the impact for cereal farmers will depend on their production costs and exports, it could be good news for the meat and dairy sectors, which can benefit from low feed costs.

**Graph 4 EU cereal prices in 2015 (EUR/t)**



Source: DG Agriculture and Rural Development, based on data communicated by the Member States and IGC USDA data

## Good 2016/2017 harvest prospects so far

Early forecasts for the 2016/2017 harvest are showing a good level of cereal production at around 310 million tonnes in the EU, slightly above the 2015/2016 harvest. First figures from Member States hint towards an area increase in most cereals. The increase is mainly noticeable in those cereals with relatively better prices in 2015 such as maize, barley and durum wheat. Based on the first estimates, it seems that soft wheat area is stable in 2016/2017. The warmer than normal winter means that so far there is only limited frost kill in western Poland, eastern Bulgaria and Romania and the Baltic countries. However, the warm weather also led to delayed cereal hardening in most parts of Europe (see Map). This indicates that winter crops still remain vulnerable to potential frost damage. In the last months, there have been drier than normal conditions in the western Mediterranean and northern Poland. This situation will be further explored in the next report.

## Strong world oilseed production in 2015/2016...

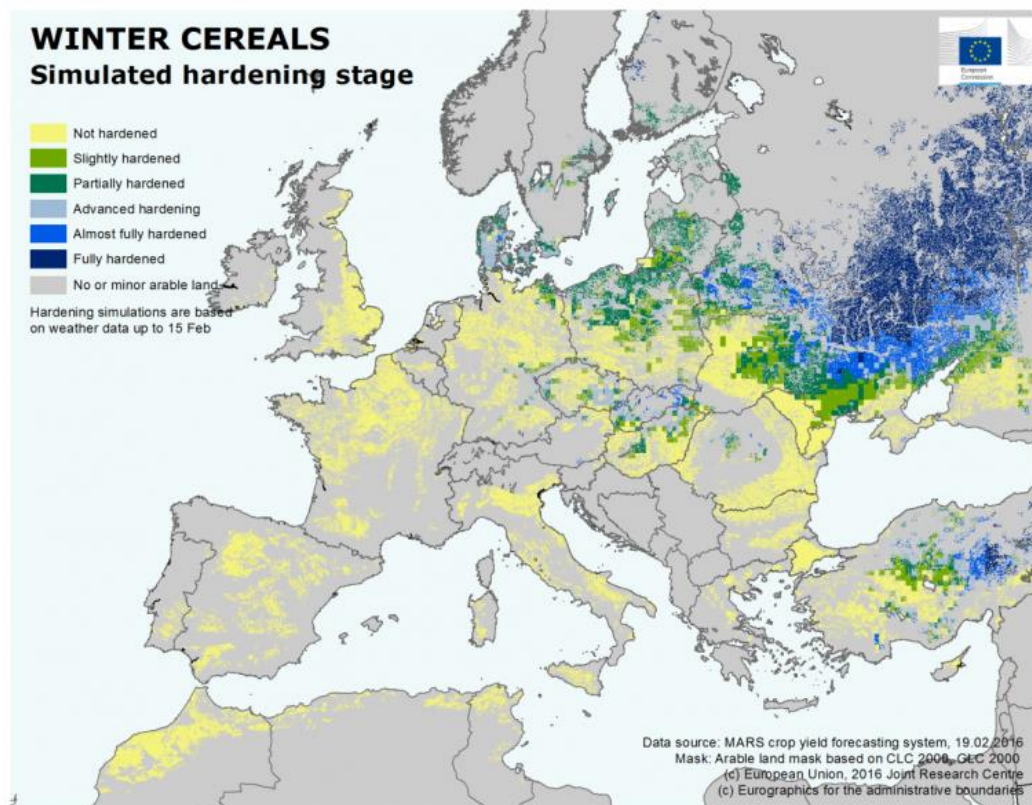
In 2015/16 global oilseed production is projected to reach 527 million tonnes, only 10 million tonnes short of previous year's record<sup>3</sup>. Stocks could marginally increase further, mainly driven by soybean while rapeseed stocks are expected to be lower. IGC, USDA

<sup>3</sup> WASDE 9/02/2016

and FAO-AMIS project 2015/16 world soybean stocks to exceed those of the previous record breaking campaign. Several factors, amongst which large stocks due to abundant supply, the strong US dollar and the low oil price, contributed to downward pressure on 2015 soybean prices. Rapeseed prices remained largely stable in 2015 and for sunflower

seeds the tight supply and firm demand resulted in some price uplift. Factors which could influence prices upward mainly relate to weather anomalies (see box on El Niño), with palm oil production in Indonesia and Malaysia suffering from drought as well as mixed weather effects on soybean production in Brazil and Argentina.

**Map 1 Stage of cereal hardening in the EU**



Source: Mars bulletin

### ... while EU oilseed production stabilises

Overall oilseed production remained largely stable in the EU (though 3.5% above the 5-year average), but some shifts occurred between crops. Soybean production increased by nearly 19% compared to 2014/2015, or even by 80% compared to the 5-year average. This entirely due to a significant area increase (+40% compared with 2014/2015), as yields declined. The area increase was both apparent in the main production areas (Italy, France, Romania, Croatia and Austria) as in the other Member States. This development is driven by the change in policy support (Voluntary Coupled Support and Ecological Focus Area eligibility<sup>4</sup>), as well as premium prices for non-GM soya. By contrast, rapeseed production sharply declined in the EU (-12% compared with 2014/2015) as well as sunflower seed production (-20%). Especially for sunflower seed, 2015/2016 was

a meagre year with production declining by 13% compared to the 5-year average, mainly driven by drought-related strong yield decreases in the main producing areas (Bulgaria, Romania, France and Spain). Hungary, another important producer, was able to limit the damage.

### Soybean dominates world market dynamics

This low sunflower seed production results into lower domestic crush and increased oil imports. The latter are expected to grow by 10% compared to the 5-year average, with Ukraine remaining the main supplier in 2015 (75% of deliveries). The EU shipments to our main export destinations (Turkey, Pakistan and South Africa) reduced considerably compared to 2014/2015, in favour of trade within the EU.

On the other hand, the ample availability of cheap soya on the world market, together with the higher domestic production and with strong increases in animal production in 2015, are expected to result into a 12% increase in soybean crush and 10% higher soymeal imports compared to 2014/2015. Despite a

<sup>4</sup> Several Member States opted in 2015 for Voluntary Coupled Support for soybeans while 15 Member States consider areas planted with soybeans eligible as Ecological Focus Areas, as soybeans are nitrogen fixing crops.

stronger dollar, the USA were able to overtake some of Brazil's soybean market share in the EU as producers were willing to take lower margins, while planting was somewhat delayed in Brazil due to weather issues. Compared to the calendar year 2014, US shipments to the EU increased in 2015 by 17% to 4.7 million tonnes, while Brazil's supplies decreased by 13% to 5.2 million tonnes. The majority of the additional EU soymeal imports were captured by Argentina, who channelled 8.5 million tonnes to the EU in 2015, compared to 7.7 in 2014. The Argentinian policy shift towards more market orientation with lower taxes on soymeal and soyoil exports as well as the weak Argentinian peso contributed to this.

EU palm oil imports further increased (+16% compared to the 5-year average), driven by strong declines in prices compared to the start of the marketing year. Prices are recently increasing again after concerns about the drought impact on production in South-East Asia. While Malaysian supplies to the EU increased in 2015 (+9%), Indonesian supplies decreased (-9%).

### **Frost risk and lower animal feed demand could impact 2016/2017 crop**

Given preliminary indications on winter rapeseed plantings, we anticipate a small increase in total oilseed area mainly driven by a slight recovery in rapeseed area. Area increases are mainly expected in the EU-N13 (Poland, Romania, Czech Republic), but also in France and Germany. The mild winter temperatures and consequently some delay in hardening, create concerns about potential impacts of sudden frost, while pests are expected to be more present. It is still early in the season to anticipate soybean plantings, as this will depend on the success of the winter rape crop, but we expect a slight reduction compared to the previous record year, given the relatively low soybean prices and firmer sunflower and rapeseed prices. A slight increase of sunflower seed area is expected after the shortage on the market given last year's low yields.

Demand factors might also affect prices downwards: the mild winter and milk prices oriented downwards might contribute to a lower demand for dairy and beef cattle feed.

### **A remarkable 2015/2016 for protein crops**

Driven by a favourable policy environment and rather low cereal and oilseeds prices, protein crop area expanded by 38% in comparison with 2014/2015. Broad and field bean area for example doubled in Spain, Germany and Lithuania, while field peas nearly doubled in Germany and increased fivefold in Lithuania. For the Marketing Year 2016/2017, we expect a stabilization of the area given the expected pressure on feed prices in general.

### **Record El Niño impacts global production only moderately**

*Typically, during an El Niño event, conditions in South-East Asia, Australia, South-Africa and Northern Brazil are drier than usual, while conditions in Southern Brazil, Argentina and Southern states of the US are considerably wetter. For El Niño to have an impact on production, timing is essential. It appears that although the current El Niño is very strong (as defined by the corresponding sea surface temperature anomalies in the Pacific Ocean), the impact on production seems limited until today, as it hit only after the major crop development stages were already well advanced. This does not exclude, however, major local impacts for food insecure areas in central America, Ethiopia, southern Africa and south East Asia.*

*U.S. NOAA<sup>5</sup> (15 February 2016) sees El Niño peaking in January/February 2016 and expects it to gradually decline afterwards, still remaining strong throughout the southern hemisphere summer season and to dissipate finally by mid-2016.*

*Drier-than-usual conditions are observed in South-Africa, Thailand, Vietnam, the Philippines and Indonesia. In Australia, drier-than-average conditions started later than in a usual El Niño event, especially in wheat-producing western Australia. Wheat and barley production is estimated to have risen in 2015-2016, while rapeseed (canola) decreased. Following below average rainfall, widespread rainfall in late January also improved the outlook for dryland summer crops (ABARES, February 2016). Abundant rainfall is expected for the summer growing season in southern Brazil and north-eastern Argentina favouring a good crop season.*

*According to USDA (02 February 2016), in Argentina, recent rain has replenished soil moisture, but due to earlier droughts soybean yields are projected below last year's record (-8%) and additional rain will be needed for optimal flowering and pod setting. In Thailand there is below-average rice production (-15% compared to last year) due to below-average rainfall. As a response, the government has issued a ban on irrigation for the current winter dry season rice crop, affecting winter sowings (-50% compared to last year). In India, crop conditions were poor mid-to-late season, due to soil moisture stress, higher-than-average winter temperatures and pest infestation. In South-Africa, corn production was impacted by insufficient start-of-season (October to December) rainfall. Sown area as well as projected yields declined considerably (totalling to -36% of 5-year average production). South-Africa is expected to considerably increase imports of wheat and corn. Also in the Maghreb (Morocco, Tunisia, and Algeria), wheat imports might rise due to excessive drought. In Ethiopia, the failure of the main cereal production season is increasing the number of population in need of food assistance from 8 to 15 million people. In Indonesia, El Niño has delayed the normal rainy season and hence delayed maize planting, which will affect second and third cropping seasons, the latter pushed to the driest period of the year.*

*According to U.S. NOAA (15 February 2016), the chance for a La Niña event following the 2015-2016 El Niño in autumn 2016 rather than neutral conditions is increasing with now 50% of occurrence as compared to 40% for neutral conditions. The impact of La Niña on global climate tends to be opposite to these of El Niño.*

*With contribution from JRC ISPRA*

<sup>5</sup> National Oceanic and Atmospheric Administration, US Department of Commerce.

### Sugar output declines in 2015/2016

In 2015/2016, EU white sugar production declined from a record high of 19.5 million tonnes in 2014/2015 to 15 million tonnes (-23%). This reduction in production is mainly an effect of a strong reduction in area harvested (-9%), but also of lower sugar beet yields compared to record yields in 2014/2015. The 2014/2015 harvest led to large out-of-quota sugar stocks that were counted in the 2015/2016 quota (the so-called carry-forward). Both sugar processors and farmers anticipated this record carry-forward by reducing the area of sugar beets contracted/sown. However, there is still a considerable quantity of out-of-quota sugar in 2015/2016, despite the relatively low new production of 15 million tonnes. In 2015/2016, use of white sugar is expected to increase slightly, despite the reduced amount of sugar used for the production of bio-ethanol compared to 2014/2015. The lower availability of sugar for domestic consumption on the EU market, combined with a stable consumption, results in expectations that sugar stocks will remain low at only 1.4 million tonnes going in the 2016/2017 season.

### Worldwide deficit and low EU production expected to lift EU sugar prices

International sugar prices followed a declining price path for most of 2015. However, prices for both raw and white sugar increased significantly in the last months of 2015 to levels that had not been seen since 2014, beating the continued downward trend in

almost all other commodities. Despite the fall of sugar prices in the first months of 2016, market fundamentals should support the world sugar price. Worldwide consumption is expected to be larger than production in 2015/2016. The estimated size of this deficit ranges from 3.5 million tonnes to 8.3 million tonnes. This should create some support for sugar prices, although no return to 2013 price levels is expected as the effect is buffered by big sugar stocks worldwide.

EU white sugar prices have been relatively low throughout the 2014/2015 season, averaging 425 EUR/t from 587 EUR/t the year before. At 427 EUR/t, the EU price in December 2015 slowly picked up a little bit. EU prices are expected to further increase during the 2015/2016 campaign. The decrease in production led to a low availability of sugar for human consumption and will most likely lead to low end stocks. The final price level will depend among other things on the amount of EU imports over the season.

### Production rebound in 2016/2017

Production level in 2016/2017 is still uncertain, as sowing is in its early stages. Assuming normal weather throughout the growing season, EU sugar production can be expected to rebound from its low in 2015/2016. At this point, based on average yields and limited information on areas, EU white sugar production could reach 17.6 million tonnes in 2016/2017, but this will be updated during the year based on insights in farmers' sowing decisions.



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### 3. DAIRY

#### Global oversupply in the dairy market

In 2015, EU milk deliveries increased by more than 2%, and this despite the decrease in milk prices paid to farmers. Weather was extremely mild in the autumn and cows fed on grass much longer than in the previous year resulted in 5% higher deliveries during the last quarter of 2015 compared to 2014. In addition, in certain Member States, the good quantity of forage available, affordable feed prices and low energy costs encouraged farmers to continue producing to get cash rather than ending lactations earlier or slaughtering cows<sup>6</sup>. In addition, it seems that feed processors are ready to facilitate farmers in feed purchase, limiting adjustment incentives through changes in cow diet. Banks might also play a role in supporting farmers to keep producing at high levels to pay back their loans.

In 2015, the decline in milk production in New Zealand was smaller than expected (around -1%). By contrast, production increased notably in other parts of the world, such as the US (+1.2%) and Australia (above 2%). Together with the EU, these countries produced almost 5 million tonnes of additional milk, while import demand for dairy products remained stable (see the box on world import demand) and stocks had already accumulated after the strong increase in 2014 supply (+10 million tonnes). Domestic consumption increased in these countries, but not fast enough to stop the price decline.

There are no indications that medium-term prospects for world dairy product consumption and imports are about to change; world imports are still expected to increase by more than 2% annually.<sup>7</sup> This corresponds to an average increase of global imports by 1.5 million tonnes of milk equivalent (in total solids) per year. However, this increase represents only 30% of the average increase in production of the EU, the US, New Zealand and Australia recorded in 2014 and 2015, thus the need for world supply increase to slow down to balance world import demand, and allow price to recover from present levels.

#### Higher milk production expected again in 2016

A further increase in the number of dairy cows in the EU-15 (+1.2%) was recorded in November/December 2015 compared to last year (Eurostat livestock survey). By contrast, the 3% decrease in dairy cow numbers in the EU-N13 was the highest recorded since 2011. There are significant differences between Member States from a 5% decline in Poland and Estonia to a 10% increase in Ireland.

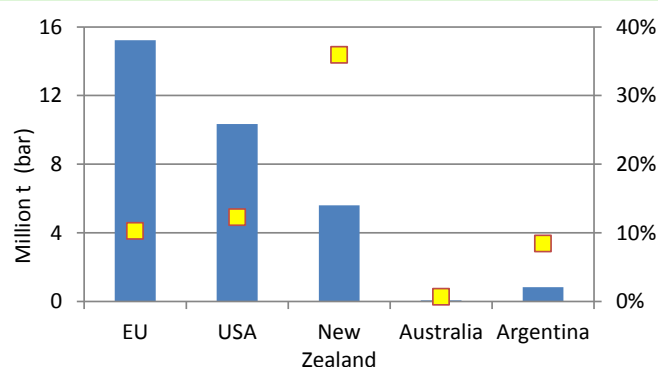
<sup>6</sup> In the first 11 months of 2015, cow slaughterings increased by 3% in the EU-28, 2% in the EU-15 and 11% in the EU-N13 in comparison with 2014. For more details see the meat chapter.

<sup>7</sup> For more details, see the OECD-FAO Agricultural Outlook 2015-2024 and the EU Agricultural Outlook

#### An increase in world supply not only due to EU quota expiry

Between 2007 and 2015<sup>8</sup>, EU production increased by 10% or 15 million tonnes, while over the same period, production in New Zealand increased by 36% (more than +5.5 million tonnes) and by 12% in the US (+ 10 million tonnes).

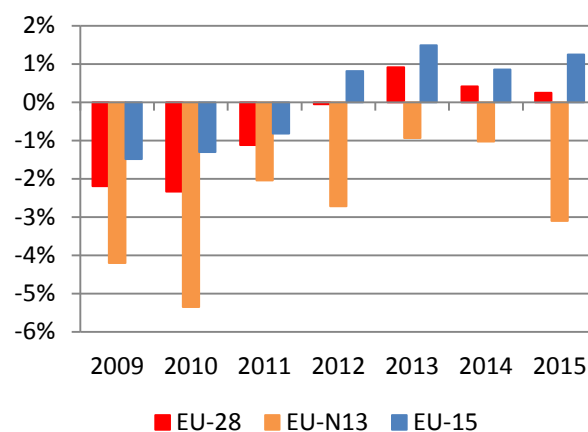
Graph 5 Change in EU dairy cow herd



Source: DG Agriculture and Rural Development, based on OECD, USDA, DairyNZ, Informa

In the EU, close to 40% of the growth took place in 2014, driven by the very good milk prices in 2013/2014. Production expanded that year in all EU countries and substantially in France and the UK, which never exceeded quota. In 2015, production growth was faster in countries previously limited by quota (Ireland, the Netherlands, and Denmark e.g.) but significant growth was recorded in the UK and Portugal too!

Graph 6 Change in EU dairy cow herd



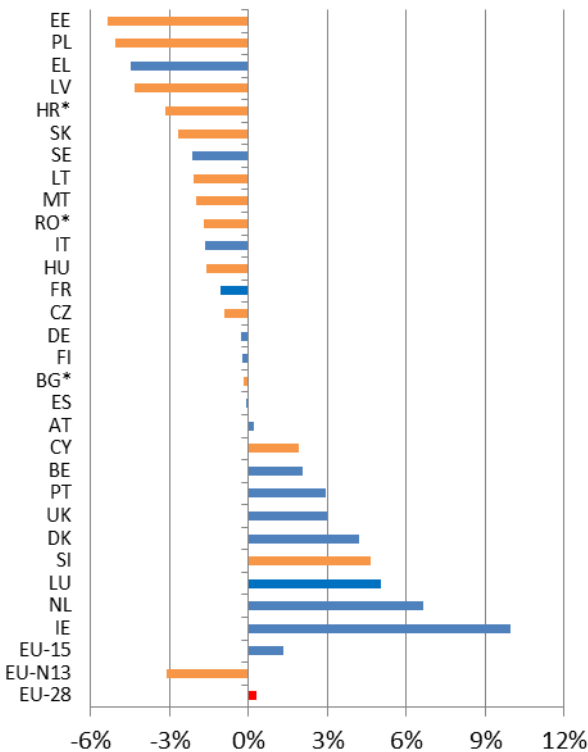
Source: DG Agriculture and Rural Development based on Eurostat

These developments imply further increases in EU milk deliveries in 2016, especially during the first quarter (+5%), which compares to the same period in 2015 when many farmers reduced production in countries at risk of exceeding their quota. By contrast, under normal weather conditions, milk deliveries could stabilise at slightly below 2015 level towards the end of the year.

<sup>8</sup> The increase in quota started in 2008 (+2%/2007) and continued with a 1% growth every year until 2013/2014 quota year and quota expired in April 2015.

In 2016, deliveries could therefore grow by around 2 million tonnes. While limited growth is expected in France, where cooperatives and dairy companies limit incentives for farmers to expand production, significant increases are expected in Ireland, the Netherlands<sup>9</sup> and Denmark. Higher deliveries could also take place in the UK, while only a limited expansion is expected in Germany. Contrary to this trend, the eastern part of the EU could experience a stabilisation of deliveries, especially in view of herd developments in Poland, Hungary, Slovakia and the Baltic countries.

**Graph 7 EU 2015/2014 change in dairy cow number**



Note: \* estimated  
Source: DG Agriculture and Rural Development based on Eurostat

In addition, the USDA forecasts for 2016 higher deliveries in the US (+1.9 million tonnes; +1.6%), Australian production could remain stable while production in New Zealand could further decline by 600 000 tonnes. In total, in the EU and the latter countries, 3.5 million tonnes additional milk is expected to be produced.

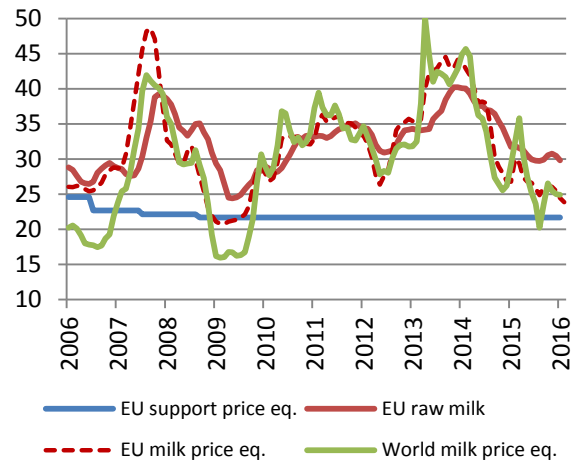
**Milk and dairy commodity prices expected to remain low**

Under current conditions, and trends, further milk price declines can be expected, especially at the beginning of 2016. Currently the EU raw milk price remains 20% above the milk price equivalent based on SMP and butter prices and hides significant

differences in price not just between but also within Member States.

Differences also exist between commodity prices. EU butter prices are declining and at 276 EUR/100 kg by mid-February they stand 14% below last year, but still 25% above intervention price. EU and Oceania butter prices are very close, but the US price remains 50% higher, driven by the strong American demand for butter. In addition, there is no excess of butter in EU stocks, as indicated at the Milk Market Observatory in February.

**Graph 8 EU raw milk price versus EU and world milk price equivalent**



Note: based on SMP and butter prices  
Source: DG Agriculture and Rural Development based on European Commission and USDA

**An increase in deliveries doesn't always mean an increase in national production**

Before quota expiry, milk had to be delivered to first purchasers established in the same territory (Member State) as the producers. Milk was **imported** by national dairies purchasing it from 'sister companies' in other Member States. Since the quota expiry, milk which is purchased directly from farmers in neighbour Member States is accounted as national **deliveries**. For example, most of the increase in German and Belgian deliveries is mainly linked to the increase in milk purchased directly from farmers in other Member States and much less to changes in deliveries by German and Belgian farmers.

Table 1 2015/2014 change in deliveries<sup>10</sup> and production

	DE	BE
Total deliveries	+1.6%	+7.2%
Deliveries by national farmers	+0.3%	+2.9%

Source: Eurostat, ZMB, CFBL  
Note: Provisional data.

<sup>9</sup> Unless the implementation of the phosphate rules leads to a halt of the expansion.

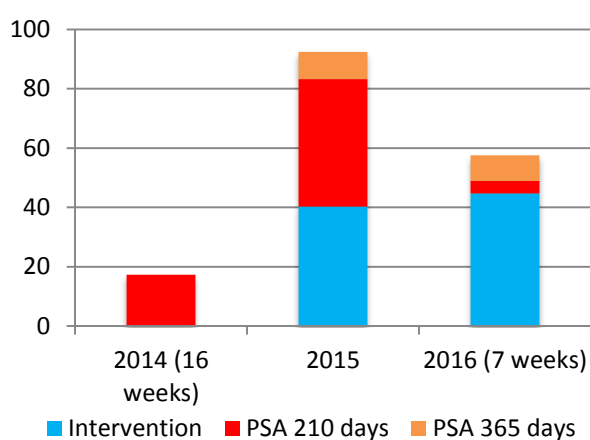
<sup>10</sup> Eurostat provides monthly data on deliveries to 'first purchasers' (dairies and collection centres). If dairies or statistical offices don't distinguish between the milk bought directly to foreign farmers from the one bought to foreign dairies or collections centres there is a clear risk of double counting

By contrast, EU and Oceania SMP world prices are at intervention price level and with the expected increase in buying-in, it is expected to remain at this level in the first half of the year. It could increase slightly afterwards but significant recovery might be delayed by the accumulation of intervention stocks.

### SMP public stocks to grow significantly in 2016

In 2016, in 7 weeks, close to 45 000 tonnes were offered to intervention<sup>11</sup>, i.e. more than in the whole 2015 year. Quantities offered to private storage aided scheme (PSA) for 210 days were smaller than quantities offered for 365 days, totalling close to 13 000 tonnes.

**Graph 9 SMP volumes offered to intervention and private storage (1000 tonnes)**



Source: DG Agriculture and Rural Development

Since September 2014, storage measures covered close to 160 000 tonnes. Intervention stocks are particularly important in Belgium, Lithuania, Poland and France. Aided private storage scheme for 210 days was mainly used by Germany, Spain, Lithuania, the Netherlands and Ireland. And the Netherlands, Spain, Belgium and Germany are the main users of the scheme for 365 days. In 2014 and 2015, SMP production increased by close to 450 000 tonnes, more than 60% of this additional production was exported, close to 25% was used domestically while the rest went into stocks (aided or not).

In 2016, SMP production is expected to grow further and, despite a continued increase in exports, total stocks could reach 240 000 tonnes by the end of the year. If the current rhythm of more than 7 000 tonnes a week offered to intervention continues, the 109 000 tonnes ceiling could be reached fast. However, it is possible that operators will switch to PSA during spring, all the more if the increase of Chinese imports

<sup>11</sup> Intervention stocks belong to the European Commission, while private storage is aided but the stock ownership remains with private operators. In September 2015, as part of the solidarity package, the period for which storage is aided was prolonged (from 210 to 365 days) and the premium increased.

is confirmed.<sup>12</sup> In 2017, production could decrease, while exports could further expand facilitated by sales of private stocks.

### 2015, a good year for powder exports

In 2015, SMP exports increased significantly to Egypt, Philippines, Thailand, Saudi Arabia and Vietnam. The EU supplied more than 90% of Algerian SMP imports, on a declining trend (-22%), while Algerian WMP imports increased slightly to the benefit of New Zealand. EU SMP exports to China declined also in 2015 (-15%) but reached a higher level than in 2013.

The EU could maintain its exports of WMP at 390 000 tonnes, with substantial losses on the Algerian and Nigerian markets compensated by higher exports to Oman, China, United Arab Emirates and Cuba. The small decline in production<sup>13</sup> translated into lower consumption. In 2016 and 2017, WMP production could resume with growth. At 206 EUR/100 kg mid-February, WMP price is low and 22% below 2015.

In 2015, the EU increased its exports of whey powder by 6%. In addition, exports of infant formula (CN 190110) grew by 6% without price reduction and fat filled milk powder exports increased by 8% (with a price reduction half the one of SMP). The EU exports of these 3 products reached almost 2 million tonnes in 2015, the double of SMP and WMP exports.

### Could butter prices also come under pressure?

Butter prices declined recently. However, the EU butter price remained significantly above intervention price and 2009-price level. Domestic use and export demand, which increased in 2015 by around 50 000 tonnes each, drove this price level. The USA became the first EU customer and butter exports increased significantly to countries usually supplied by the USA (Saudi Arabia, Egypt e.g.). Over the same period, US butter exports declined by close to 50 000 tonnes, while exports of New Zealand decreased slightly.

In 2015, for the first time no preferential imports from New Zealand took place in the EU and no significant change is expected in 2016. Inward processing imports<sup>14</sup> declined too but reached nevertheless close to 25 000 tonnes. In 2016 and 2017, EU butter production could expand further and could be absorbed by the EU and world markets, notably if the US deficit in butter continues.

<sup>12</sup> In January 2015, Chinese imports of SMP and WMP were 43% and 52% above January 2014 respectively.

<sup>13</sup> The estimated decrease in production (-1.8%) is lower than the decline reported in Eurostat monthly figures, where not all Member States report data for confidentiality issues.

<sup>14</sup> Butter imported to be used by the processing industry for products to be exported.

**No decrease in world imports in 2015**

Based on main exporters data<sup>15</sup>, world import demand did not decrease in 2015 in comparison with 2014, despite lower imports by Russia (-33%) and China (-28%). These decreases were compensated by higher imports of notably the US (+30%), Japan (+12%) and South Korea (+10%). In oil producing countries, a negative impact of lower oil prices on dairy products imports could not be clearly observed in 2015. Algerian imports decreased by 10% compared to 2014 but were 25% higher than in 2013. In addition, the EU increased significantly its exports to Egypt, Oman, Saudi Arabia and the United Arab Emirates.

In terms of exports, the EU did very well, increasing exports by 6% in milk equivalent in spite of the Russian import ban (Russia used to absorb 1.5% of European milk production, but in 2015 EU exports were 17% above 2013). New Zealand managed to stabilise its exports (despite the fact that China gathered 28% of its exports in 2014). On the contrary, dynamic domestic demand led to a 16% decrease in US exports.

**Good cheese exports in 2015**

In 2015, cheese production in dairies increased slightly (+1.4%), driven by an increase in processed use and domestic consumption. The industrial use of cheese has grown further. Regarding retail sales, the picture is mixed with increases in Germany and France e.g., while in other countries declines are registered. At EU level, according to Euromonitor, retail sales per capita remained stable (see box). On the export side, European operators managed to export as much as in 2014, despite the loss of the Russian outlet. Like for butter, the US became the first EU customer. Such performance could be reached thanks to lower prices and a competitive euro against the dollar and because of the positive development of cheese consumption in the USA. US exports declined by close to 50 000 tonnes in 2015, favouring higher EU exports to Japan and South Korea e.g. However, over the same period, following lower WMP sales to China, New Zealand channelled more milk into cheese and increased its exports by 50 000 tonnes, becoming the 2nd largest world cheese exporter just in front of the US.

In 2016, cheese production and exports could grow further. Nevertheless, cheese exports are not expected to reach 2013 levels (when the Russian import ban was not in place). In this outlook exercise, it is assumed that the Russian import ban is not lifted before 2017 and that in this case the EU would resume with 40% only of 2013 cheese exports to Russia. This would allow for a more rapid growth in EU cheese production and price.

Good domestic demand and great export performance did not prevent price decreases. Cheese prices are currently oriented downwards and significantly below last year (around 15% for Cheddar, Gouda and

Edam). There are still possibilities for operators to apply for private storage aid (in the Member States participating in the second round of the scheme). In October 2015, maximum quantities were rapidly reached in Italy, the UK and Ireland. The re-distribution of unused quantities might bring some market relief in certain Member States.

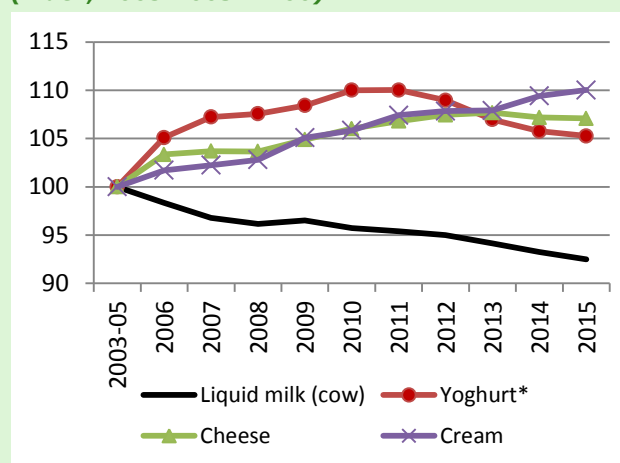
**Lower production and consumption of liquid milk**

On the fresh dairy market, the declining trend continues. The steady increase in exports of drinking milk (+19% in 2015 compared with 2014) is not enough to compensate for the decrease in per capita consumption. By contrast, positive developments in cream production and domestic consumption (see the box below) contribute to keep dairy fat prices firm. Moreover, yogurt production remained stable in 2015 as in 2014, while per capita retail sales declined slightly by 0.1 kg.

**Diverging trends in EU retail sales per capita**

Over the last ten years, retail sales of dairy products followed diverging trends: cheese retail sales increased by 7%, both in the EU-15 and the EU-N13, albeit at a much faster pace in the new Member States. However, cheese retail sales in the EU-N13 reached in 2015 only slightly over 5 kg while it exceeded 9 kg in the EU-15. By comparison, apparent consumption of cheese (including food services and industrial use) is estimated at 17.6 kg. Retail sales per capita of cream increased also steadily by close to 9% throughout the EU. By contrast, after a strong increase until 2011, yoghurt retail sales started decreasing sharply. Concerning drinking milk, the trend shows a regular decrease of EU per capita consumption (-8% over the period), the decline was particularly sharp in the EU 15 (-10% or -6 l/capita) and not compensated by the 12% increase in EU-N13.

**Graph 10 Dairy products EU retail sales per capita (index, 2003-2005 = 100)**



Note: \* including fromage frais and quark

Source: DG Agriculture and Rural Development based on Euromonitor

<sup>15</sup> New Zealand, EU, US, Australia, Argentina and Uruguay. Exports of cheese, butter, SMP, WMP, Whey, fresh dairy products in milk equivalent (fat and protein). Source: DG Agriculture and Rural Development based on World Trade Atlas and Eurostat-Comext.

## 4. MEAT

### EU suckler cow herd continues increasing

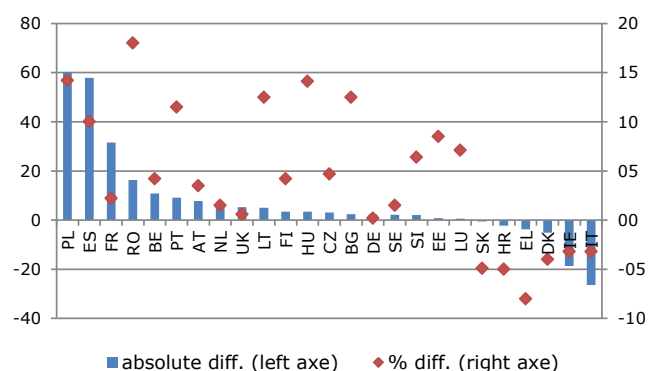
According to the livestock survey of December 2015, the suckler cow herd in the EU increased by 250 000 heads. This is the second year in a row of increase, after years of decline. The EU-N13 herd continues its steady growth, mainly in Poland but also in Hungary, the Baltic States and the Czech Republic. The increase of the EU-15 suckler cow herd can be mainly attributed to two countries, Spain and France (+95 000 and +66 000 heads respectively). The main loser seems to be Austria, minus 11 000 heads. The case of France is specific to the unclear situation regarding the allocation of the reference for the voluntary coupled support (VCS), since the total number of suckler cows is currently much higher than the VCS ceiling (4.2 million heads compared to a ceiling of 3.85 heads). The alignment between suckler cow numbers and the ceiling is, however, expected at a certain moment.

In 2015, the increase in EU beef production is estimated at 2.2% year-on-year, especially in the EU-N13 (+12%). The number of animals slaughtered increased by more than 10% in EU-N13, as did the average slaughter weight of the different animal categories, up between 1-2%. Continued low milk prices and the ongoing restructuring of milk production systems are at the basis of high cow and heifer slaughtering in the EU. Slaughtering of cows and heifers in EU-15 increased by 3.3% and 5.3% in volume, while slaughtering in the EU-N13 are showing increases with double digits for all categories. On the other hand, the figure for the EU-15 hides declines of slaughtering of cows and heifers in Denmark, Ireland, the Netherlands and the United Kingdom, who clearly kept cows to increase the dairy herd.

Slaughtering of bulls and bullocks increased on average by 2.9% in the EU. The increase of the beef herd in Spain, Hungary and Portugal over the last 2 years as well as the dairy herd in the Netherlands and Romania explains to a great extent the growth of more than 10% of male beef slaughtering. In 2015, the most pronounced increases of beef meat production were recorded in Poland (+60 000 tonnes or 14%), mainly coming from the milk herd and Spain (+58 000 tonnes or 10%), see graph 10.

The recapitalisation of the dairy herd in most Member States is expected to come to a halt, and fewer heifers and cows will be retained for increasing production capacity. Moreover, the low level of the milk price in the EU may lead to further restructuring and culling of surplus cows and heifers, resulting in additional beef on the market. Overall, an increase of 2% in beef production is foreseen in 2016, followed by a stabilisation in 2017.

**Graph 11 2015/2014 changes in beef slaughtering (1000 tonnes and %)**



Note: Malta, Cyprus and Latvia do not show up in the graph because there was no change; figure for IT in 2014 is an estimate based on ISMEA and Eurostat

Source: DG Agriculture and Rural Development based on Eurostat

### Live exports relieve some pressure from the EU beef market

In 2015, EU exports of live bovine animals showed an increase of close to 60% year-on-year, mainly thanks to the re-opening of the Turkish market. Although live trade is focussed on countries around the Mediterranean, some live trade still exists with Russia. Lebanon and Turkey remained the two main destinations of live bovine animals. Despite the difficult internal situation in Libya, the latter is EU's third destination, followed by Israel, which expanded its live imports from the EU in the second half of 2015. The outbreak of bluetongue in France and Romania in September last year is the only negative point, having a direct effect on the movements of live animals to other EU regions but also to Turkey. As the disease continues spreading in France at the beginning of 2016, a negative impact on live exports is expected. Taking into consideration that the development of Turkish production capacity might compete with EU import in the near future and lead to lower Turkish beef prices, live bovine exports are expected to decline by 10% in 2016 and another 18% in 2017, reaching 132 000 tonnes c.w.e. (still above 2013-2014 levels).

Beef meat exports increased slightly by 0.5% in 2015 compared to 2014. EU beef exports to Russia represented around 35 500 tonnes in 2014. The loss of this outlet due to the Russian import ban was fully compensated by increased exports to a multitude of other destinations like Norway, the Balkan countries, Egypt, Algeria, Gabon and Vietnam. A re-opening of the Russian market would probably have no major impact on EU exports. Turkey accorded a new TRQ of 30 000 tonnes of bovine meat to the EU (till end of 2015), together with some tariff reductions. Mainly Poland took this opportunity to export beef meat to the Turkish market. An extension of this measure to 2016 was announced, but not yet confirmed by the

Turkish authorities. For 2017, it is assumed that this TRQ is not extended. Many bilateral initiatives to open up (new) agricultural markets are taking place at the moment, like Japan, which could even increase prospects for EU exports, currently estimated at 5% for 2016.

In 2015, EU beef imports declined by close to 3% as other markets outside the EU remained more attractive destinations. A minor shift of suppliers from Brazil and New Zealand to Argentina, Namibia and Botswana can be mentioned. Decapitalisation of the Australian cow herd between 2013 and 2015, linked to drought, continued, and Australia increased its total beef exports even further compared to 2014 (data until October 2015) due to favourable trade conditions. The recent free trade agreement (FTA) concluded between Australia and China may divert some trade away from the EU market, although probably only in the short-term.

Market signals are now clear that the US beef herd entered a stage of recapitalisation, inducing a shortage in supply in the short-term, but an increased production potential in the longer run, with first effects probably in the second half of 2016 or the beginning of 2017.

The current economic situation in Brazil (depreciation of real and declining internal demand) should have given a boost to exports, but the contrary happened as total beef exports of Brazil decreased by roughly 10% in 2015. This might indicate a start of retaining animals and recapitalising of the reproductive herd due to the high internal and world prices faced by Brazilian farmers.

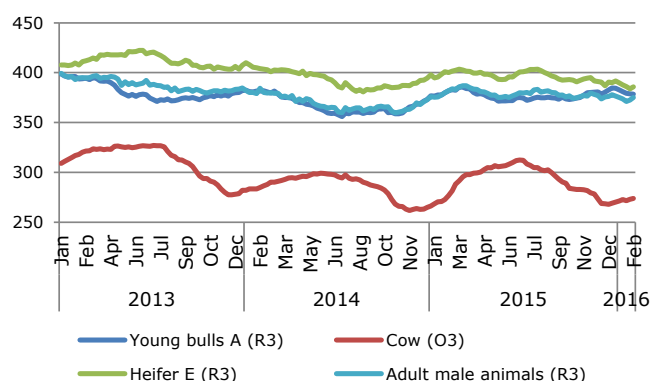
As the new Argentinean government has lifted the export restrictions for beef, more exports to the world market are expected, including to the EU, at competitive prices thanks to the devaluation of the Argentinean peso. The possible extension of the list of regions authorised to export to the EU may favour even more exports. Overall, the EU imports are expected to increase only marginally by 1.5% in 2016 and a further 4.5% in 2017.

Despite the increase in production, EU prices for young bulls and adult male cattle stayed relatively firm in 2015 at a level 10 to 15 EUR/100 kg higher than 2014. The cow price (O3) showed a typical seasonal path similar to 2014. The continued slaughterings of heifers started to push the EU price slightly downwards since July. World demand is expected to remain high driven by US and Asian consumers, but world prices might fluctuate because of supply uncertainty in Brazil, Argentina and Australia to the world market.

Contrary to the trend of the last years (see box on retail sales), a recovery in EU consumption of close to 2% was registered in 2015, reaching 10.7 kg/capita

(in retail weight). The expectation is that it will grow by another 1.6% in 2016, in line with the higher availability of beef on the EU market.

**Graph 12 EU price by slaughter category (EUR/100 kg)**



Source: DG Agriculture and Rural Development

### Decline in the EU reproductive pig herd

The December livestock survey confirms the decline in the EU reproductive pig herd, as already noticed in the June survey. The total number of breeding sows decreased by close to 2%<sup>16</sup> or around 200 000 sows compared to 2014. Three quarters of this decrease is registered in the EU-N13 (-7%). Poland, Germany, the Netherlands and France show the largest decreases in absolute numbers, totalling 300 000 sows. On the other hand, Spain saw its herd increasing by more than 100 000 heads. Piglet numbers still increased in the EU-15 (+1%), while the EU-N13 shows a 3% decline. Nevertheless, the total number of pigs for slaughtering is still 1% higher than last year and these pigs will be marketed in the first half of 2016.

Despite the low pigmeat prices throughout 2015, the production slowdown took place only in the second half of the year, resulting in a 3.6% increase on a yearly basis. Not surprisingly, the largest production increase was recorded in Spain (+276 000 tonnes). Other important contributors were Germany, the Netherlands, the United Kingdom, Poland and Hungary. It is worth noting that 90% of the increase was coming from slaughterings in the EU-15. Different strategies and economic behaviour towards these lower prices can be observed at Member State level. While certain producers reduce production because of unprofitable margins, despite the affordable and stable feed prices, others try to cover their (recent) investment costs and compensate the lower price by increasing production. Overall, this would result in a stabilisation of pigmeat production in 2016, while a slight increase of less than 1% is expected in 2017.

Lower EU meat prices, a favourable euro and a strong demand from Asia explain the surge in pigmeat exports in 2015 (+9%). EU exports to China almost

<sup>16</sup> Estimate, numbers for 10% of total sows not yet reported

doubled in volume in 2015, reaching around 500 000 tonnes, while exports to Hong Kong further eroded. All EU countries exporting to China saw their exports doubling or tripling since the beginning of 2015. Germany, Spain and Denmark took the biggest share of the pie, with 37%, 19% and 15% respectively. The euro/yuan exchange rate and the consequences of the economic slowdown on Chinese consumer demand and its meat sector could influence these prospects in the future.

Other important increases were noted in shipments destined to Georgia, Australia, certain Balkan countries, Taiwan and the USA. Significantly smaller volumes exported to Japan are explained by its good inventories and the fact that the US has recovered from the 2014 PEDv crisis and is regaining its market share. Other destinations to which the EU was losing exports are Ukraine, Montenegro and the Philippines.

In 2016, EU exports are expected to expand further but at a slower pace (3%) due to increased competition and availabilities in USA and Brazil. Because of the development of the Russian pork production, the sluggish economic situation and the overhaul by other suppliers, EU exports towards Russia are not expected to resume completely even if the sanitary and economic import bans were to be lifted. A WTO ruling on the sanitary ban is expected in April 2016. In the meantime, the assumption that the sanitary ban will remain in place for 2016 and 2017 is retained, blocking all exports to Russia.

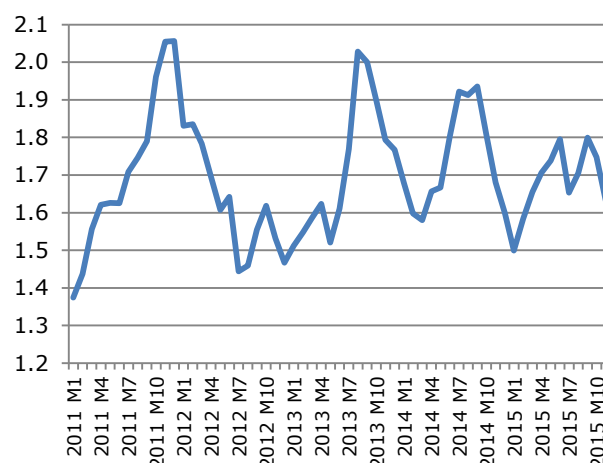
### EU pigmeat prices still below average

The seasonal pigmeat price increase during summer flattened out in 2015, followed by a decline, starting in October, to a bottom price of 126 EUR/100 kg c.w. by the end of the year. The average weekly piglet price started going down already in May and stayed below 35 EUR/piglet during the autumn. At the beginning of January 2016, some revival of the piglet price could be noted, probably related to the shrinking number of breeding sows.

In total, 154 000 tonnes were offered to both private storage schemes opened in March 2015 and January 2016, (more details in the box on PSA). These quantities represent less than 0.5% of total annual pigmeat production in the EU. As compared to the production increase of 850 000 tonnes between 2014 and 2015, 18% went to the private storage aid scheme, 20% went to extra exports and the remaining was put on the EU market.

EU consumption of pigmeat reached 32.5 kg per capita in 2015, almost 1 kg up compared to 2014. Following the prospects of EU production and export, this level of consumption is expected to decrease slightly in 2016 and stabilise in 2017, more or less in line with the trend over the last ten years (see box on EU consumption below).

**Graph 13 EU pigmeat and feed price ratio**

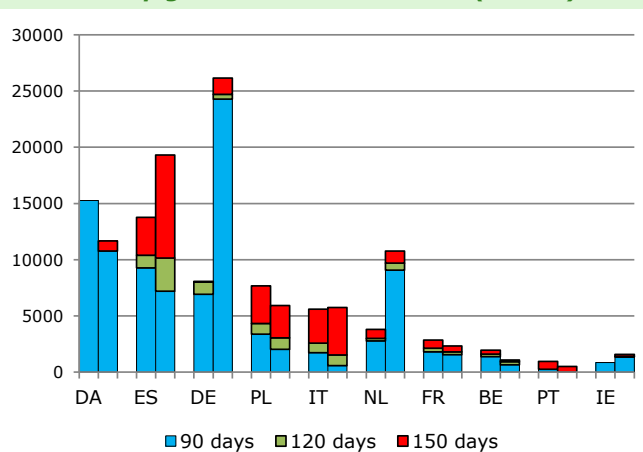


Source: DG Agriculture and Rural Development based on DataM (JRC)

### Private storage aid scheme for pigmeat in the EU

Two private storage aid schemes were opened for pigmeat according to Implementing Regulation 2015/360 and Regulation 2015/2334. In total 64 000 tonnes (2015) and 90 000 tonnes (2016) were offered into storage. Germany, Spain and Denmark were the most important users of the schemes. The cuts offered were mainly boned legs (more than 50%) and bellies, while in the second PSA also hams and fats (not eligible in the first PSA) were offered. There was a clear preference for 90 days' contracts, except in Spain, Poland and Italy that opted as well for 120 and 150 days' contracts. The starting date of the new contracts is January, meaning that the meat will be removed from storage before summer, while the time of removal of last years' contract was during the summer period. Therefore, the exact impact on the market might be slightly different.

**Graph 14 Uptake of PSA scheme and length of contract for pig meat in 2015 and 2016 (tonnes)**



Note: MS with an uptake of less than 1% are not represented; first bar indicates 2015, second bar 2016

Source: DG Agriculture and Rural Development

### Expansion of EU poultry meat production continues ...

As in the pig sector, continued affordable feed prices in 2015, thanks to another good crop harvest worldwide, paved the way to a further production growth in poultry meat. Throughout 2015, the

increase in poultry meat production reached 3.7% compared to 2014 up to 13.8 million tonnes, almost 1 percentage point more than anticipated. Poland is for the second year in a row the biggest poultry meat producer in the EU and showed as well the largest increase (+200 000 tonnes). Worth noting is the decline of production in Germany (-23 000 tonnes or 1.5%). At the EU level, growth is expected to continue into 2016 and 2017 as well, but at a lesser pace, as consumption in the EU is reaching a more mature level and increased competition on the world market limits further development of exports.

### ... but exports face more competition

EU poultry meat exports in 2015 stabilised around 1.35 million tonnes. Even though exports were still doing well in the first quarter of 2015 (+6%), the situation worsened during the rest of the year. The outbreaks of avian influenza in the southwest of France resulted in country-wide restrictions on imports by several trading partners. Contrary to the pork sector, exports to the Philippines doubled. Other growing destinations were Saudi Arabia, Ukraine, Ghana and Georgia. On the other hand, decreasing exports to Hong Kong were not fully compensated by expanding exports to China. In addition, the EU is losing market share in its two most important export destinations, Benin and South Africa, to the benefit of the US and Brazil. While world import demand was expected to increase by 200 000 tonnes in 2015<sup>17</sup>, Brazil on itself increased its exports to the world market by 230 000 tonnes, putting pressure on world prices (declining in the second half of 2015) and increasing competition on the international poultry market. The overall 2016 EU export growth is expected to be limited to 0.5% when compared to 2015 as more competition is expected from the USA and Brazil on the world market.

EU poultry meat imports increased by close to 4% in 2015. Despite the fact that volumes coming from Brazil showed a 3% decline, Brazil remained the main exporter, representing more than half of the trade flow. Thailand and Ukraine more than filled the gap left by Brazil. The poultry tariff rate quotas attributed to Ukraine within the framework of the bilateral free trade agreement with the EU are used at different degrees. The first quota of 16 000 tonnes is completely filled (even the first quarter of 4 000 tonnes of 2016 is already fully used), while only 22% of the second quota of 20 000 tonnes was allocated in 2015. On the other hand, Ukraine exported about 15 000 tonnes at full duty to the EU (Jan-Nov 2015).

After a drop in April, poultry meat prices recovered and were floating during summer between 190 and 195 EUR/100 kg c.w.e. on average. During November and first half of December, the seasonal price drop was more pronounced compared to previous years,

but recovered to some extent by the end of December-beginning of January.

After the strong increase in 2014, EU per capita consumption continued to increase in 2015 to 22.9 kg. It is expected to increase even further in 2016 and 2017 but at a slower pace.

### EU sheep meat production took a small step forward in 2015

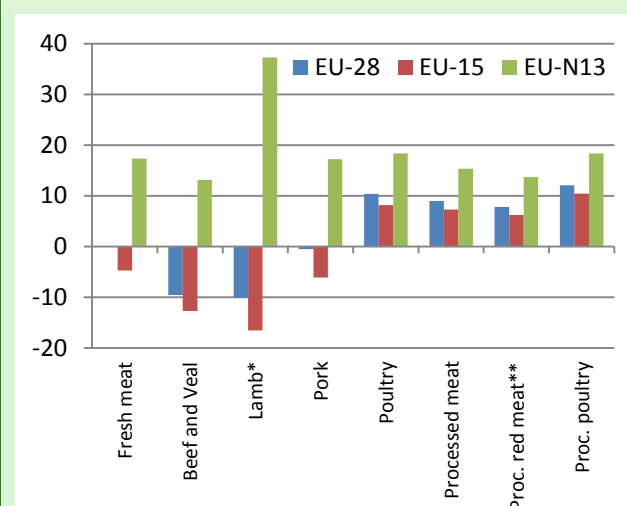
The December 2015 livestock survey shows that the sheep flock in the EU-15 increased by more than 2% compared with 2014, representing almost 1 700 000 extra heads. The largest increases were recorded in Spain and the UK (+1 100 000 and +960 000 heads respectively). Assuming similar trends in Romania as last year, an increase of close to 2% can be expected in the EU-N13.

#### Towards more processed meat consumed in the EU

Over the last ten years, sales (retail and food services) of fresh meat per capita remained stable in the EU, although this figure hides a decrease in the EU-15 (-5%) and a strong increase in the EU-N13 (+17%). Poultry meat showed an increase in sales per capita throughout the EU (+10%), while sales of fresh pork remained more or less stable and beef and sheep meat sales decreased strongly by around 10%.

By contrast, sales of processed meat products per capita registered a 9% increase over the last ten years, particularly for processed poultry meat. Such sales increased both in the EU-15 and the EU-N13. Overall, the share of processed products in total meat sales in the EU-28 increased from 21.5% to 23.5% over the last ten years.

**Graph 15 % change in meat sales per capita between 2003/2005 and 2013/2015**



Note: Change in total sales (retail and foodservices) per capita between 2003/2005 and 2013/2015. \*Lamb, mutton and goat, \*\*Processed pork, beef and sheep meat, including packed delicatessen

Source: Euromonitor

<sup>17</sup> OECD-FAO Agricultural Outlook 2014-2025



In 2015, EU net production<sup>18</sup> of sheep meat increased by more than 4% while goat meat reported a 2.5% increase after years of decline. The biggest increase of sheep slaughterings was recorded in Romania, following the enormous increase of the sheep flock between 2012 and 2014 (+900 000 heads). Since the change is mainly reported in on-farm slaughterings, the numbers for Romania should be taken with care. Without Romania, the EU registered an increase in net production of only 1.5%. Italy, which suffered from bluetongue outbreaks in 2014, is now back to normal production.

Since the flock increase is expected to slow down, production is expected to increase only marginally by 0.5% in 2016, as exports are limited and consumption is quite stable. The implementation of the voluntary coupled support for sheep and goat in many Member States should help maintaining the interest in sheep and goat farming.

In 2015, meat imports from New Zealand increased by 15 000 tonnes or 11%, more than compensating the decrease of other trade partners and resulting in an overall 7% increase in EU imports. The EU exports to Arabic countries declined significantly and trade with Hong Kong collapsed by 80%, probably due to competition from Australia. Exports to Jordan picked up in the second half of 2015 but as Hong Kong represented 50% of the EU exports, this resulted in an overall decline of EU exports by close to 40%. For 2016, the EU is not expected to regain this market.

Nevertheless, EU exports are expected to recover by a moderate 2% in 2016 as other markets are still doing well, while imports would increase by the same rate, still far from filling the TRQs.

Heavy lamb carcass prices continued to increase from January until April 2015 (575 EUR/100 kg), largely above 2012-2014 prices for that period of the year, followed by an almost continued drop to 470 EUR/100 kg, before reaching similar price levels as previous years by the beginning of September. The first weeks of 2016 are promising as the price level start to follow the same path as last year.

Except for the beginning of 2015, where light lamb carcass prices started at a level 80 EUR higher than the previous two years, the price followed more or less the seasonal trend and price level of the previous years. The start of 2016 announces itself positively with prices following the trend line and level.

Consumption of sheep meat in the EU accounts for only 2.5% of total meat consumption or 1.8kg per capita, and is expected to stay stable in 2016 and 2017.

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<sup>18</sup> The challenge in estimating sheep and goat meat production is linked to the important share of 'on farm slaughterings' in total production (on average accounting for 18% for sheep and 28% for goats; this share is even higher in some Member States as in Romania, Greece and Portugal). This figure is usually the most revised and it might change the total production trend from negative to positive.

## 5. STATISTICAL ANNEX

## ARABLE CROPS

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

	EU-28					% variation			
	2012	2013	2014	2015e	2016f	15/14	15 vs 5-year av.*	16/15	16 vs 5-year av.*
Common wheat	23 243	23 372	24 423	24 265	24 282	-0.6	3.5	0.1	2.0
Durum	2 598	2 420	2 306	2 465	2 612	6.9	-1.7	6.0	6.1
Rye	2 360	2 607	2 105	1 966	2 072	-6.6	-14.6	5.4	-7.3
Barley	12 490	12 714	12 401	12 185	12 671	-1.7	-1.5	4.0	2.5
Oats	2 663	2 664	2 541	2 511	2 607	-1.2	-6.1	3.8	-0.6
Maize	9 864	9 692	9 583	9 041	9 561	-5.6	-5.1	5.7	0.4
Triticale	2 425	2 687	2 908	3 088	2 674	6.2	15.7	-13.4	-2.1
Sorghum	118	144	154	144	136	-6.6	13.4	-5.7	0.1
Others	1 802	1 525	1 668	1 288	1 602	-22.8	-21.0	24.3	-1.3
<b>Cereals</b>	<b>57 564</b>	<b>57 824</b>	<b>58 087</b>	<b>56 955</b>	<b>58 217</b>	<b>-1.9</b>	<b>-0.8</b>	<b>2.2</b>	<b>1.3</b>
Rapeseed	6 203	6 704	6 718	6 370	6 727	-5.2	-4.7	5.6	2.8
Sunflower	4 238	4 575	4 182	4 153	4 193	-0.7	-1.7	1.0	-2.4
Soybeans	430	466	567	796	767	40.5	70.3	-3.6	41.6
Linseed	85	73	60	63	75	4.0	-26.8	19.7	0.5
<b>Oilseeds</b>	<b>10 956</b>	<b>11 818</b>	<b>11 527</b>	<b>11 382</b>	<b>11 762</b>	<b>-1.3</b>	<b>-0.7</b>	<b>3.3</b>	<b>2.6</b>
Field peas	508	445	497	714	714	43.6	25.3	0.0	25.1
Broad beans	348	363	402	579	579	44.0	42.2	0.0	37.5
Lupines	84	53	80	131	131	63.4	50.0	0.0	48.0
<b>Protein crops</b>	<b>940</b>	<b>861</b>	<b>979</b>	<b>1 424</b>	<b>1 424</b>	<b>45.4</b>	<b>33.8</b>	<b>0.0</b>	<b>31.8</b>
Sugar beet	1,661	1,580	1,630	1,480	1,576	-9.2	-9.1	6.5	-2.6
<b>Total</b>	<b>71,121</b>	<b>72,084</b>	<b>72,240</b>	<b>71,087</b>	<b>72,167</b>	<b>-1.6</b>	<b>-0.6</b>	<b>1.5</b>	<b>0.9</b>

\*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			
	2012	2013	2014	2015e	2016f	15/14	15 vs 5-year av.*	16/15	16 vs 5-year av.*
Common wheat	5.41	5.83	6.14	6.26	5.91	2.0	11.2	-5.6	1.4
Durum	3.24	3.35	3.34	3.49	3.37	4.3	5.4	-3.3	0.6
Rye	3.70	3.95	4.22	3.89	3.84	-7.6	5.9	-1.4	-0.2
Barley	4.40	4.81	4.90	5.03	4.85	2.6	11.2	-3.5	3.2
Oats	2.98	3.15	3.09	3.02	3.02	-2.2	0.5	0.0	-0.3
Maize	6.06	6.89	8.16	6.42	7.04	-21.3	-11.1	9.6	1.1
Triticale	4.17	4.27	4.53	4.15	4.15	-8.3	0.5	-0.1	-1.1
Sorghum	4.19	5.04	5.99	5.26	5.40	-12.3	-3.4	2.7	0.3
Others	2.90	2.84	2.86	2.72	2.86	-5.1	-4.1	5.1	1.8
<b>Cereals</b>	<b>4.89</b>	<b>5.32</b>	<b>5.72</b>	<b>5.48</b>	<b>5.38</b>	<b>-4.1</b>	<b>6.2</b>	<b>-1.8</b>	<b>1.3</b>
Rapeseed	3.10	3.13	3.62	3.35	3.10	-7.3	7.4	-7.5	-3.4
Sunflower	1.68	2.00	2.17	1.74	1.95	-19.6	-10.1	12.2	2.1
Soybeans	2.22	2.61	3.27	2.76	1.69	-15.5	0.3	-38.6	-38.0
Linseed	1.57	1.85	2.36	2.23	1.97	-5.6	24.8	-11.7	1.3
<b>Oilseeds</b>	<b>2.51</b>	<b>2.66</b>	<b>3.07</b>	<b>2.72</b>	<b>2.59</b>	<b>-11.4</b>	<b>2.2</b>	<b>-4.6</b>	<b>-3.7</b>
Field peas	2.31	2.76	2.63	2.71	2.04	2.8	5.8	-24.7	-19.6
Broad beans	2.93	2.84	3.19	3.08	2.05	-3.5	5.6	-33.5	-31.1
Lupines	1.53	2.34	1.60	1.59	1.07	-0.8	-5.5	-32.3	-36.6
<b>Protein crops</b>	<b>2.47</b>	<b>2.77</b>	<b>2.78</b>	<b>2.76</b>	<b>1.95</b>	<b>-0.8</b>	<b>5.2</b>	<b>-29.1</b>	<b>-25.8</b>
Sugar beet	69.12	68.96	79.89	66.79	72.77	-16.4	-6.4	8.9	2.0

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

	EU-28					% variation			
	2012	2013	2014	2015e	2016f	15/14	15 vs 5-year av.*	16/15	16 vs 5-year av.*
Common wheat	125 793	136 151	149 905	151 954	143 566	1.4	15.4	-5.5	3.2
Durum	8 407	8 103	7 711	8 597	8 821	11.5	3.5	2.6	6.2
Rye	8 740	10 296	8 873	7 656	7 959	-13.7	-9.6	4.0	-5.5
Barley	54 989	61 129	60 750	61 272	61 498	0.9	8.9	0.4	4.3
Oats	7 938	8 394	7 839	7 575	7 868	-3.4	-4.1	3.9	-0.4
Maize	59 816	66 751	78 197	58 069	67 326	-25.7	-11.7	15.9	2.4
Triticale	10 105	11 465	13 166	12 819	11 091	-2.6	18.8	-13.5	-3.4
Sorghum	496	728	922	755	732	-18.1	10.8	-3.1	1.5
Others	5 228	4 329	4 776	3 499	4 574	-26.7	-23.1	30.7	0.6
<b>Cereals</b>	<b>281 514</b>	<b>307 344</b>	<b>332 138</b>	<b>312 197</b>	<b>313 434</b>	<b>-6.0</b>	<b>6.3</b>	<b>0.4</b>	<b>3.1</b>
Rapeseed	19 239	20 973	24 325	21 371	21 287	-12.1	2.4	-0.4	1.3
Sunflower	7 132	9 166	9 056	7 235	8 056	-20.1	-11.7	11.3	-2.2
Soybeans	958	1 218	1 852	2 198	2 071	18.7	69.1	-5.8	38.4
Linseed	134	135	143	140	128	-1.8	-5.3	-8.3	-9.3
<b>Oilseeds</b>	<b>27 462</b>	<b>31 492</b>	<b>35 375</b>	<b>30 944</b>	<b>31 542</b>	<b>-12.5</b>	<b>1.4</b>	<b>1.9</b>	<b>2.1</b>
Field peas	1 172	1 227	1 309	1 933	1 855	47.6	32.8	-4.0	28.6
Broad beans	1 019	1 029	1 284	1 784	1 658	38.9	50.4	-7.0	32.0
Lupines	129	125	128	207	209	62.1	47.7	1.0	45.4
<b>Protein crops</b>	<b>2 319</b>	<b>2 381</b>	<b>2 722</b>	<b>3 924</b>	<b>3 723</b>	<b>44.2</b>	<b>41.1</b>	<b>-5.1</b>	<b>30.9</b>
Sugar beet	114 830	108 979	130 182	98 873	114 670	-24.1	-15.0	16.0	-1.4

**Table 5.4 EU overall cereal balance sheet (million t)**

	EU-27	EU-28				% variation
	2012/13	2013/14	2014/2015	2015/2016e	2016/2017f	vs. 15/16
Beginning stocks	38.2	28.6	34.7	46.1	45.5	-1.3
Gross production	278.8	307.3	332.1	312.2	313.4	0.4
Usable production	276.2	304.5	329.2	309.3	310.6	0.4
Imports	16.9	19.2	15.6	16.8	16.2	-3.8
<b>Availabilities</b>	<b>331.2</b>	<b>352.4</b>	<b>379.4</b>	<b>372.2</b>	<b>372.2</b>	<b>0.0</b>
Total domestic uses	268.8	272.0	279.5	280.7	281.4	0.3
- Human	65.5	65.7	65.7	65.8	65.9	0.1
- Seed	9.7	9.7	9.6	9.6	9.6	0.0
- Industrial	30.4	31.8	32.1	32.3	32.6	0.9
<i>o.w. bioethanol</i>	9.5	10.7	11.0	11.2	11.5	2.7
- Animal feed	163.2	164.9	172.0	173.0	173.3	0.2
Losses (excl on-farm)	2.2	2.2	2.2	2.2	2.2	0.0
Exports	31.6	43.5	51.7	43.8	39.9	-8.9
<b>Total uses</b>	<b>302.6</b>	<b>317.7</b>	<b>333.3</b>	<b>326.7</b>	<b>323.5</b>	<b>-1.0</b>
<b>End stocks</b>	<b>28.6</b>	<b>34.7</b>	<b>46.1</b>	<b>45.5</b>	<b>48.7</b>	<b>7.1</b>
- Market	28.6	34.7	46.1	45.5	48.7	7.1
- Intervention	0.0	0.0	0.0	0.0	0.0	
<b>Self-sufficiency rate %</b>	<b>103</b>	<b>112</b>	<b>118</b>	<b>110</b>	<b>110</b>	

**Table 5.5 EU-28 cereal balance sheet 2016/2017 (forecast) (million t)**

	Common wheat	Barley	Durum	Maize	Rye	Sorghum	Oats	Triticale	Others	EU-28
Beginning stocks (01.07.2016)	17.2	7.3	1.1	14.9	0.5	0.3	2.1	1.3	0.9	<b>45.5</b>
Gross production	143.6	61.5	8.8	67.3	8.0	0.7	7.9	11.1	4.6	<b>313.4</b>
Usable production	142.4	61.0	8.7	67.0	7.8	0.6	7.8	10.9	4.3	<b>310.6</b>
Import <sup>1</sup>	3.3	0.2	1.8	10.5	0.1	0.2	0.0	0.0	0.1	<b>16.2</b>
<b>Total availabilities</b>	<b>162.9</b>	<b>68.4</b>	<b>11.6</b>	<b>92.4</b>	<b>8.4</b>	<b>1.1</b>	<b>9.8</b>	<b>12.2</b>	<b>5.3</b>	<b>372.2</b>
Total domestic use	117.6	49.4	8.7	75.6	7.9	0.9	6.5	11.2	3.6	<b>281.5</b>
- Human	48.0	0.4	8.1	5.0	3.0	0.2	1.2	0.1	0.0	<b>65.9</b>
- Seed	4.7	2.3	0.4	0.5	0.5	0.0	0.5	0.5	0.3	<b>9.6</b>
- Industrial	11.0	9.2	0.1	10.1	1.4	0.0	0.1	0.6	0.1	<b>32.6</b>
<i>o.w. bioethanol</i>	4.9	0.6	0.0	4.8	0.7	0.0	0.0	0.5	0.0	<b>11.5</b>
- Animal feed	53.9	37.6	0.1	60.0	3.0	0.7	4.8	10.1	3.2	<b>173.4</b>
Losses (excl on-farm)	0.9	0.4	0.0	0.6	0.1	0.0	0.1	0.1	0.0	<b>2.2</b>
Export <sup>1</sup>	27.0	9.2	1.3	2.0	0.1	0.0	0.2	0.0	0.0	<b>39.9</b>
<b>Total use</b>	<b>145.5</b>	<b>59.0</b>	<b>10.1</b>	<b>78.2</b>	<b>8.1</b>	<b>0.9</b>	<b>6.8</b>	<b>11.3</b>	<b>3.7</b>	<b>323.5</b>
<b>End stocks (30.06.2017)</b>	<b>17.4</b>	<b>9.4</b>	<b>1.6</b>	<b>14.2</b>	<b>0.3</b>	<b>0.2</b>	<b>3.0</b>	<b>0.8</b>	<b>1.7</b>	<b>48.7</b>
- Market	17.4	9.4	1.6	14.2	0.3	0.2	3.0	0.8	1.7	<b>48.7</b>
- Intervention	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
Change in stocks	0.3	2.1	0.5	-0.7	-0.2	-0.1	1.0	-0.4	0.8	<b>3.2</b>
Change in public stocks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
<b>Self-sufficiency rate %</b>	<b>121</b>	<b>123</b>	<b>100</b>	<b>89</b>	<b>98</b>	<b>72</b>	<b>119</b>	<b>97</b>	<b>119</b>	<b>110</b>

<sup>1</sup> Grains equivalent (grain, groats and flour).

Note: estimated export quantities for all wheat = 29.1 million t, for coarse grains = 12.4 million t.

**Table 5.6 EU-28 cereal balance sheet 2015/2016 (estimate) (million t)**

	Common wheat	Barley	Durum	Maize	Rye	Sorghum	Oats	Triticale	Others	EU-28
Beginning stocks (01.07.2015)	11.0	6.6	0.8	22.6	1.1	0.3	1.4	1.1	1.2	<b>46.1</b>
Gross production	152.0	61.3	8.6	58.1	7.7	0.8	7.6	12.8	3.5	<b>312.2</b>
Usable production	150.8	60.8	8.5	57.8	7.5	0.7	7.5	12.6	3.2	<b>309.3</b>
Import <sup>1</sup>	3.2	0.3	1.8	11.0	0.1	0.2	0.0	0.0	0.2	<b>16.8</b>
<b>Total availabilities</b>	<b>165.0</b>	<b>67.6</b>	<b>11.1</b>	<b>91.4</b>	<b>8.7</b>	<b>1.2</b>	<b>8.9</b>	<b>13.7</b>	<b>4.6</b>	<b>372.2</b>
Total domestic use	117.8	48.9	8.7	74.0	8.0	0.9	6.5	12.3	3.6	<b>280.7</b>
- Human	48.0	0.4	8.1	5.0	3.0	0.2	1.2	0.1	0.0	<b>65.8</b>
- Seed	4.7	2.3	0.4	0.5	0.5	0.0	0.5	0.5	0.3	<b>9.6</b>
- Industrial	10.6	9.3	0.1	10.0	1.5	0.0	0.1	0.6	0.1	<b>32.3</b>
<i>o.w. bioethanol</i>	4.5	0.7		4.7	0.8			0.5		<b>11.2</b>
- Animal feed	54.5	37.0	0.1	58.5	3.0	0.7	4.8	11.2	3.2	<b>173.0</b>
Losses (excl on-farm)	0.9	0.4	0.0	0.6	0.1	0.0	0.1	0.1	0.0	<b>2.2</b>
Export <sup>1</sup>	29.1	11.0	1.3	2.0	0.1	0.0	0.3	0.0	0.0	<b>43.8</b>
<b>Total use</b>	<b>147.8</b>	<b>60.3</b>	<b>10.0</b>	<b>76.6</b>	<b>8.2</b>	<b>0.9</b>	<b>6.9</b>	<b>12.4</b>	<b>3.7</b>	<b>326.7</b>
<b>End stocks (30.06.2016)</b>	<b>17.2</b>	<b>7.3</b>	<b>1.1</b>	<b>14.9</b>	<b>0.5</b>	<b>0.3</b>	<b>2.1</b>	<b>1.3</b>	<b>0.9</b>	<b>45.5</b>
- Market	17.2	7.3	1.1	14.9	0.5	0.3	2.1	1.3	0.9	<b>45.5</b>
- Intervention	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
Change in stocks	6.2	0.7	0.3	-7.7	-0.6	0.0	0.6	0.2	-0.3	<b>-0.6</b>
Change in public stocks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
<b>Self-sufficiency rate %</b>	<b>128</b>	<b>124</b>	<b>98</b>	<b>78</b>	<b>93</b>	<b>74</b>	<b>115</b>	<b>102</b>	<b>89</b>	<b>110</b>

<sup>1</sup> Grains equivalent (grain, groats and flour).

Note: estimated export quantities for all wheat = 34.6 million t, for coarse grains = 17.1 million t.

**Table 5.7 EU-28 cereal balance sheet 2014/2015 (million t)**

	Common wheat	Barley	Durum	Maize	Rye	Sorghum	Oats	Triticale	Others	EU-28
Beginning stocks (01.07.2012)	9.1	7.2	0.3	15.3	1.1	0.2	0.6	0.6	0.3	<b>34.7</b>
Gross production	149.9	60.7	7.7	78.2	8.9	0.9	7.8	13.2	4.8	<b>332.1</b>
Usable production	148.7	60.2	7.6	77.9	8.7	0.8	7.7	13.0	4.5	<b>329.2</b>
Import <sup>1</sup>	2.9	0.1	2.8	9.4	0.1	0.1	0.0	0.0	0.1	<b>15.6</b>
<b>Total availabilities</b>	<b>160.7</b>	<b>67.5</b>	<b>10.7</b>	<b>102.6</b>	<b>9.9</b>	<b>1.1</b>	<b>8.3</b>	<b>13.6</b>	<b>5.0</b>	<b>379.4</b>
Total domestic use	115.5	47.8	8.7	75.4	8.5	0.8	6.6	12.4	3.7	<b>279.5</b>
- Human	48.0	0.4	8.1	5.0	3.0	0.2	1.1	0.1	0.0	<b>65.7</b>
- Seed	4.7	2.3	0.4	0.5	0.5	0.0	0.5	0.5	0.3	<b>9.6</b>
- Industrial	10.5	9.3	0.1	10.0	1.5	0.0	0.1	0.6	0.1	<b>32.1</b>
<i>o.w. bioethanol</i>	4.4	0.7		4.7	0.8			0.5		<b>11.0</b>
- Animal feed	52.4	35.9	0.1	60.0	3.5	0.6	4.9	11.3	3.3	<b>172.0</b>
Losses (excl on-farm)	0.9	0.4	0.0	0.6	0.1	0.0	0.1	0.1	0.0	<b>2.2</b>
Export <sup>1</sup>	33.3	12.7	1.2	4.0	0.2	0.0	0.2	0.0	0.0	<b>51.7</b>
<b>Total use</b>	<b>149.8</b>	<b>60.9</b>	<b>9.9</b>	<b>80.0</b>	<b>8.8</b>	<b>0.8</b>	<b>6.9</b>	<b>12.5</b>	<b>3.8</b>	<b>333.3</b>
<b>End stocks (30.06.2013)</b>	<b>11.0</b>	<b>6.6</b>	<b>0.8</b>	<b>22.6</b>	<b>1.1</b>	<b>0.3</b>	<b>1.4</b>	<b>1.1</b>	<b>1.2</b>	<b>46.1</b>
- Market	11.0	6.6	0.8	22.6	1.1	0.3	1.4	1.1	1.2	<b>46.1</b>
- Intervention	0.0	0.0		0.0						<b>0.0</b>
Change in stocks	1.9	-0.6	0.5	7.3	0.0	0.2	0.9	0.4	0.9	<b>11.4</b>
Change in public stocks	0.0	0.0		0.0						<b>0.0</b>
<b>Self-sufficiency rate %</b>	<b>129</b>	<b>126</b>	<b>88</b>	<b>103</b>	<b>102</b>	<b>106</b>	<b>117</b>	<b>104</b>	<b>121</b>	<b>118</b>

<sup>1</sup> Grains equivalent (grain, groats and flour).

Note: estimated export quantities for all wheat = 31.1 million t, for coarse grains = 12.4 million t.

**Table 5.8 EU-28 oilseeds balance sheets (million t)**

	EU-28					% variation			
	2012/13	2013/14	2014/15e	2015/16f	2016/17f	15/16 vs 14/15	% 5-yr.av.	16/17 vs 15/16	% 5-yr.av.
<b>Production</b>	<b>27.3</b>	<b>31.4</b>	<b>35.2</b>	<b>30.8</b>	<b>31.4</b>	<b>-12.6</b>	<b>3.5</b>	<b>2.0</b>	<b>3.3</b>
Rape	19.2	21.0	24.3	21.4	21.3	-12.1	5.4	-0.4	3.7
Soybean	1.0	1.2	1.9	2.2	2.1	18.7	78.7	-5.8	43.7
Sunflower	7.1	9.2	9.1	7.2	8.1	-20.1	-12.5	11.3	-2.9
<b>Total domestic use</b>	<b>44.0</b>	<b>46.7</b>	<b>48.4</b>	<b>48.4</b>	<b>46.8</b>	<b>0.1</b>	<b>7.7</b>	<b>-3.4</b>	<b>0.9</b>
Rape	23.1	23.8	25.4	25.3	23.9	-0.2	8.5	-5.7	-0.7
<i>of which crushing</i>	22.2	23.0	24.5	24.5	23.1	-0.1	8.8	-5.7	-0.6
Soybean	13.7	14.5	14.1	15.8	15.1	11.8	12.5	-4.1	7.1
<i>of which crushing</i>	12.4	13.1	12.8	14.3	13.7	11.9	12.9	-4.3	7.1
Sunflower	7.2	8.4	8.9	7.3	7.8	-17.7	-7.0	6.3	-1.8
<i>of which crushing</i>	6.2	7.5	7.8	6.4	6.9	-18.5	-7.1	7.1	-1.5
<b>Imports</b>	<b>16.0</b>	<b>17.4</b>	<b>15.4</b>	<b>17.4</b>	<b>16.7</b>	<b>13.4</b>	<b>8.9</b>	<b>-4.1</b>	<b>1.7</b>
Rape	3.4	3.5	2.4	3.6	3.2	54.2	14.8	-13.0	-9.7
Soybean	12.4	13.5	12.8	13.5	13.2	5.5	5.6	-1.6	2.9
Sunflower	0.2	0.3	0.3	0.3	0.3	34.2	18.6	-8.2	9.4
<b>Exports</b>	<b>0.6</b>	<b>1.1</b>	<b>1.3</b>	<b>0.7</b>	<b>1.0</b>	<b>-41.6</b>	<b>-19.1</b>	<b>39.0</b>	<b>15.2</b>
Rape	0.1	0.3	0.6	0.3	0.4	-56.3	18.0	47.2	63.0
Soybean	0.1	0.1	0.1	0.2	0.1	80.7	160.7	-39.7	39.0
Sunflower	0.4	0.7	0.6	0.3	0.5	-51.4	-52.1	90.7	-4.4
<b>End stocks</b>	<b>2.4</b>	<b>3.3</b>	<b>4.3</b>	<b>3.3</b>	<b>3.6</b>	<b>-22.0</b>	<b>-4.8</b>	<b>9.2</b>	<b>5.3</b>
Rape	0.9	1.3	2.0	1.4	1.6	-30.0	-1.2	11.9	11.9
Soybean	0.9	1.0	1.4	1.1	1.2	-22.6	-9.7	7.2	3.0
Sunflower	0.7	1.0	0.9	0.8	0.9	-2.0	2.0	7.3	3.9
<b>Self-suff. rate %</b>	<b>62</b>	<b>67</b>	<b>73</b>	<b>64</b>	<b>67</b>				

Table 5.9 EU oilmeals balance sheets (million t)

	EU-28					% variation			
	2012/13	2013/14	2014/15e	2015/16f	2016/17f	% vs 15/14	% 5-yr.av.	% vs 16/15	% 5-yr.av.
<b>Production</b>	<b>25.9</b>	<b>27.6</b>	<b>28.4</b>	<b>28.8</b>	<b>27.7</b>	<b>1.4</b>	<b>8.5</b>	<b>-3.6</b>	<b>1.7</b>
Rape	12.7	13.1	14.0	14.0	13.2	-0.1	8.8	-5.7	-0.6
Soybean	9.8	10.4	10.1	11.3	10.8	11.9	12.9	-4.3	7.1
Sunflower	3.4	4.1	4.3	3.5	3.8	-18.5	-7.1	7.1	-1.5
<b>Total domestic use</b>	<b>45.9</b>	<b>48.7</b>	<b>49.4</b>	51.5	<b>49.4</b>	<b>4.4</b>	<b>4.9</b>	<b>-4.2</b>	<b>0.6</b>
Rape	12.8	13.2	14.0	14.1	13.2	0.2	8.9	-5.8	-0.8
Soybean	26.1	28.5	28.1	31.2	29.5	11.1	8.4	-5.5	2.4
Sunflower	7.0	7.0	7.3	6.3	6.6	-13.8	-11.1	6.1	-5.7
<b>Imports</b>	<b>21.1</b>	<b>22.1</b>	<b>22.0</b>	<b>23.8</b>	<b>22.6</b>	<b>8.5</b>	<b>4.6</b>	<b>-5.1</b>	<b>0.0</b>
Rape	0.4	0.5	0.5	0.5	0.5	21.5	48.4	-11.5	10.2
Soybean	17.0	18.5	18.3	20.2	19.0	10.6	4.4	-6.0	0.0
Sunflower	3.7	3.1	3.2	3.1	3.1	-5.4	-5.6	2.5	-3.2
<b>Exports</b>	<b>1.1</b>	<b>0.9</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>3.2</b>	<b>4.7</b>	<b>-6.7</b>	<b>-6.5</b>
Rape	0.3	0.4	0.4	0.5	0.4	11.5	51.0	-10.7	16.7
Soybean	0.7	0.3	0.3	0.3	0.3	-15.8	-49.1	13.4	-32.3
Sunflower	0.1	0.2	0.3	0.3	0.3	12.4	120.5	-18.1	29.5
<b>End stocks</b>	<b>0.6</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>2.8</b>	<b>5.7</b>	<b>0.9</b>	<b>2.8</b>
Rape	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Soybean	0.5	0.5	0.5	0.5	0.5	3.7	7.7	1.2	3.7
Sunflower	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
<b>Self-suff. rate %</b>	<b>56</b>	<b>57</b>	<b>57</b>	<b>56</b>	<b>56</b>				

Table 5.10 EU vegetable oils balance sheets (million t)

	EU-28					% variation			
	2012/13	2013/14	2014/15e	2015/16f	2016/17f	% vs 15/14	% 5-yr.av.	% vs 16/15	% 5-yr.av.
<b>Production</b>	<b>14.2</b>	<b>15.2</b>	<b>15.9</b>	<b>15.6</b>	<b>15.1</b>	<b>-2.0</b>	<b>7.2</b>	<b>-3.2</b>	<b>0.6</b>
Rape	9.1	9.4	10.1	10.0	9.5	-0.1	8.8	-5.7	-0.6
Soybean	2.5	2.6	2.6	2.9	2.7	11.9	12.9	-4.3	7.1
Sunflower	2.6	3.1	3.3	2.7	2.9	-18.5	-7.1	7.1	-1.5
Palm	0.0	0.0	0.0	0.0	0.0				
<b>Total domestic use</b>	<b>20.0</b>	<b>21.9</b>	<b>22.0</b>	<b>22.4</b>	<b>21.6</b>	<b>1.9</b>	<b>7.4</b>	<b>-3.6</b>	<b>0.9</b>
Rape	8.9	9.4	9.8	10.1	9.4	2.6	7.3	-6.6	-1.3
Soybean	1.7	2.1	1.9	2.1	2.1	10.7	1.8	-1.5	2.8
Sunflower	3.4	3.7	3.8	3.4	3.4	-10.7	-5.6	2.0	-3.7
Palm	6.0	6.7	6.5	6.9	6.7	5.5	16.3	-2.4	4.3
<b>Imports</b>	<b>7.6</b>	<b>8.4</b>	<b>8.3</b>	<b>8.5</b>	<b>8.4</b>	<b>1.7</b>	<b>8.8</b>	<b>-0.9</b>	<b>3.5</b>
Rape	0.2	0.3	0.3	0.3	0.3	0.8	-24.8	4.0	0.0
Soybean	0.3	0.3	0.3	0.3	0.3	19.7	-16.0	-3.5	0.0
Sunflower	1.1	0.9	1.0	1.0	0.9	2.7	10.1	-5.7	-0.6
Palm	6.1	6.9	6.8	6.9	6.8	0.9	12.9	-0.3	4.0
<b>Exports</b>	<b>1.8</b>	<b>1.6</b>	<b>1.9</b>	<b>1.9</b>	<b>1.8</b>	<b>-0.7</b>	<b>18.0</b>	<b>-3.9</b>	<b>0.3</b>
Rape	0.5	0.3	0.4	0.3	0.3	-3.3	15.7	-2.5	0.0
Soybean	1.0	0.8	0.9	1.0	0.9	10.3	30.0	-9.3	0.0
Sunflower	0.2	0.3	0.4	0.4	0.4	-11.0	48.5	0.7	21.4
Palm	0.1	0.1	0.2	0.1	0.1	-32.8	-36.2	29.3	-6.9
<b>End stocks</b>	<b>1.1</b>	<b>1.2</b>	<b>1.5</b>	<b>1.2</b>	<b>1.3</b>	<b>-16.2</b>	<b>5.6</b>	<b>3.9</b>	<b>8.9</b>
Rape	0.4	0.4	0.6	0.5	0.5	-18.2	8.0	3.7	12.0
Soybean	0.2	0.2	0.2	0.2	0.2	7.8	18.8	3.7	10.5
Sunflower	0.3	0.3	0.3	0.3	0.3	-16.2	10.7	3.2	10.3
Palm	0.3	0.3	0.5	0.4	0.4	-22.2	-4.5	4.8	4.8
<b>Self-suff. rate %</b>	<b>71</b>	<b>69</b>	<b>72</b>	<b>69</b>	<b>70</b>				

## SUGAR BALANCE

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

	EU-27	EU-28				% variation
	2012/2013	2013/2014	2014/2015	2015/2016e	2016/2017f	vs. 15/16
Beginning stocks	2.4	3.2	2.6	3.9	1.4	-65.3
White sugar production	17.4	16.7	19.5	15.0	17.6	17.6
Imports	3.9	3.7	2.9	3.7	3.7	-0.9
<b>Availabilities</b>	<b>23.6</b>	<b>23.6</b>	<b>25.0</b>	<b>22.6</b>	<b>22.6</b>	0.1
Total domestic uses white sugar	18.9	19.5	19.6	19.8	19.4	-2.2
- Human	16.6	17.5	17.0	17.7	17.2	-3.0
- Industrial	2.3	2.0	2.6	2.2	2.2	3.9
<i>o.w. bioethanol</i>	1.5	1.2	1.8	1.4	1.5	8.9
Exports	1.5	1.5	1.4	1.4	1.4	-1.4
<b>Total uses</b>	<b>20.5</b>	<b>21.0</b>	<b>21.0</b>	<b>21.3</b>	<b>20.8</b>	<b>-2.2</b>
<b>End stocks</b>	3.2	2.6	3.9	1.4	1.8	35.3
- Market	3.2	2.6	3.9	1.4	1.8	35.3
- Intervention	0.0	0.0	0.0	0.0	0.0	
<b>Self-sufficiency rate %</b>	<b>92</b>	<b>86</b>	<b>99</b>	<b>75</b>	<b>91</b>	
Sugar beet production	113.9	109.0	130.2	98.9	114.7	16.0

## MILK AND DAIRY PRODUCTS

Table 5.12 Milk supply and utilisation in the EU-28

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Dairy cows (million heads)<sup>1</sup></b>	<b>23.0</b>	<b>23.3</b>	<b>23.3</b>	<b>23.4</b>	<b>23.2</b>	<b>23.0</b>	<b>0.9</b>	<b>0.3</b>	<b>0.4</b>	<b>-0.8</b>	<b>-0.8</b>
of which EU-15	17.6	17.8	17.9	18.2	18.1	18.0	1.5	0.7	1.4	-0.5	-0.5
of which EU-N13	5.5	5.4	5.4	5.2	5.1	5.0	-0.9	-1.0	-3.1	-1.9	-2.0
<b>Milk yield (kg/dairy cow)<sup>2</sup></b>	<b>6 470</b>	<b>6 483</b>	<b>6 741</b>	<b>6 873</b>	<b>7 026</b>	<b>7 137</b>	<b>0.2</b>	<b>4.0</b>	<b>2.0</b>	<b>2.2</b>	<b>1.6</b>
of which EU-15	7 057	7 040	7 278	7 365	7 525	7 625	-0.2	3.4	1.2	2.2	1.3
of which EU-N13	4 594	4 660	4 951	5 161	5 260	5 383	1.4	6.2	4.2	1.9	2.3
<b>Milk production (million t)</b>	<b>152.1</b>	<b>153.8</b>	<b>159.8</b>	<b>163.5</b>	<b>165.7</b>	<b>166.9</b>	<b>1.1</b>	<b>3.9</b>	<b>2.3</b>	<b>1.4</b>	<b>0.7</b>
of which EU-15	124.1	125.7	130.8	134.2	136.4	137.5	1.3	4.1	2.6	1.7	0.8
of which EU-N13	28.0	28.2	29.0	29.3	29.3	29.3	0.4	3.1	1.0	-0.1	0.2
Feed use (million t)	3.5	3.5	3.6	3.6	3.7	3.7	2.3	1.5	1.4	1.4	-1.2
On farm use and direct sales (mio t)	8.1	8.7	8.3	8.3	8.3	8.2	7.4	-3.8	-0.5	-0.5	-1.3
<b>Delivered to dairies (million t)</b>	<b>140.6</b>	<b>141.6</b>	<b>147.9</b>	<b>151.6</b>	<b>153.8</b>	<b>155.1</b>	<b>0.7</b>	<b>4.4</b>	<b>2.5</b>	<b>1.4</b>	<b>0.9</b>
of which EU-15	120.6	121.7	126.9	130.2	132.3	133.4	0.9	4.2	2.6	1.7	0.8
of which EU-N13	20.0	19.9	21.0	21.4	21.4	21.7	-0.7	5.8	1.8	0.2	1.2
<b>Delivery ratio (%)<sup>3</sup></b>	<b>92.4</b>	<b>92.1</b>	<b>92.5</b>	<b>92.7</b>	<b>92.8</b>	<b>92.9</b>	<b>-0.4</b>	<b>0.5</b>	<b>0.2</b>	<b>0.1</b>	<b>0.2</b>
of which EU-15	97.2	96.9	97.0	97.0	97.0	97.0	-0.3	0.1	0.0	0.0	0.0
of which EU-N13	71.4	70.5	72.4	72.9	73.2	73.9	-1.2	2.6	0.8	0.3	1.0
Fat content of milk (%)	4.04	4.03	4.00	3.98	3.98	3.98	-0.1	-0.7	-0.5	0.0	0.0
Protein content of milk (%)	3.37	3.36	3.37	3.37	3.37	3.37	-0.2	0.3	0.0	0.0	0.0

<sup>1</sup> Dairy cow numbers refer to the end of the year (historical figures from the December cattle survey).

<sup>2</sup> Milk yield is dairy cow production per dairy cows (dairy cows represent around 99.7% of EU total production).

<sup>3</sup> Delivery ratio is milk delivered to dairies per total production.

Table 5.13 EU-28 fresh dairy products market balance (1000 tonnes)

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Production</b>	<b>46 707</b>	<b>47 001</b>	<b>46 855</b>	<b>46 484</b>	<b>46 323</b>	<b>46 251</b>	<b>0.6</b>	<b>-0.3</b>	<b>-0.8</b>	<b>-0.3</b>	<b>-0.2</b>
of which Drinking Milk	31 751	31 995	31 812	31 322	31 040	30 854	0.8	-0.6	-1.5	-0.9	-0.6
of which Cream	2 508	2 575	2 623	2 719	2 801	2 885	2.7	1.9	3.7	3.0	3.0
of which Acidified Milk	8 130	8 076	7 969	7 989	8 005	8 021	-0.7	-1.3	0.2	0.2	0.2
of which Other Fresh Products <sup>2</sup>	4 318	4 354	4 450	4 453	4 477	4 491	0.8	2.2	0.1	0.5	0.3
of which EU-15	40 427	40 612	40 458	39 912	39 673	39 514	0.5	-0.4	-1.3	-0.6	-0.4
of which EU-N13	6 280	6 389	6 396	6 571	6 650	6 737	1.7	0.1	2.7	1.2	1.3
<b>Imports (extra EU)</b>	<b>42</b>	<b>28</b>	<b>16</b>	<b>9</b>	<b>7</b>	<b>6</b>	<b>-33</b>	<b>-45</b>	<b>-41</b>	<b>-20</b>	<b>-20</b>
<b>Exports (extra EU)</b>	<b>532</b>	<b>577</b>	<b>727</b>	<b>862</b>	<b>991</b>	<b>1 140</b>	<b>8.3</b>	<b>26</b>	<b>19</b>	<b>15</b>	<b>15</b>
<b>Domestic use<sup>1</sup></b>	<b>46 217</b>	<b>46 453</b>	<b>46 144</b>	<b>45 631</b>	<b>45 339</b>	<b>45 117</b>	<b>0.5</b>	<b>-0.7</b>	<b>-1.1</b>	<b>-0.6</b>	<b>-0.5</b>
p.c. consumption (kg)	91.2	91.5	90.7	89.3	88.4	87.8	0.3	-0.9	-1.5	-1.0	-0.8
<b>Self-sufficiency rate (%)</b>	<b>101</b>	<b>101</b>	<b>102</b>	<b>102</b>	<b>102</b>	<b>103</b>					

<sup>1</sup> Domestic use includes stock changes.

<sup>2</sup> 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 tonnes)**

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Production (in dairies)</b>	<b>9 279</b>	<b>9 304</b>	<b>9 485</b>	<b>9 615</b>	<b>9 734</b>	<b>9 958</b>	<b>0.3</b>	<b>1.9</b>	<b>1.4</b>	<b>1.2</b>	<b>2.3</b>
of which from pure cow's milk	8 551	8 597	8 781	8 908	9 023	9 243	0.5	2.1	1.4	1.3	2.4
of which from other milk <sup>1</sup>	728	707	704	708	711	715	-2.9	-0.5	0.5	0.5	0.5
EU-15 (in dairies)	7 949	7 956	8 120	8 190	8 284	8 478	0.1	2.1	0.9	1.1	2.3
EU-N13 (in dairies)	1 330	1 348	1 365	1 425	1 450	1 480	1.4	1.3	4.4	1.8	2.1
Processed cheese impact <sup>2</sup>	326	358	350	356	361	367	9.8	-2.3	1.5	1.6	1.6
<b>Total production</b>	<b>9 605</b>	<b>9 663</b>	<b>9 835</b>	<b>9 971</b>	<b>10 095</b>	<b>10 325</b>	<b>0.6</b>	<b>1.8</b>	<b>1.4</b>	<b>1.2</b>	<b>2.3</b>
<b>Imports (extra EU)<sup>3</sup></b>	<b>78</b>	<b>75</b>	<b>76</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>-4.4</b>	<b>2.3</b>	<b>-20</b>	<b>0.0</b>	<b>0.0</b>
<b>Exports (extra EU)</b>	<b>768</b>	<b>787</b>	<b>720</b>	<b>718</b>	<b>761</b>	<b>860</b>	<b>2.5</b>	<b>-8.5</b>	<b>-0.2</b>	<b>6.0</b>	<b>13.0</b>
<b>Total domestic use</b>	<b>8 916</b>	<b>8 951</b>	<b>9 192</b>	<b>9 314</b>	<b>9 396</b>	<b>9 526</b>	<b>0.4</b>	<b>2.7</b>	<b>1.3</b>	<b>0.9</b>	<b>1.4</b>
<b>Stock changes</b>	<b>0</b>	<b>0</b>	<b>30</b>	<b>20</b>	<b>- 50</b>	<b>0</b>					
Processing use	288	311	307	315	321	327	8.2	-1.5	2.7	1.8	1.8
Human consumption	8 628	8 639	8 855	8 979	9 125	9 200	0.1	2.5	1.4	1.6	0.8
of which EU-15	7 361	7 362	7 533	7 556	7 665	7 731	0.0	2.3	0.3	1.4	0.9
of which EU-N13	1 268	1 278	1 323	1 423	1 460	1 469	0.8	3.5	7.6	2.6	0.6
p.c. consumption (kg)	17.0	17.0	17.4	17.6	17.8	17.9	-0.1	2.3	1.0	1.3	0.5
<b>Self-sufficiency rate (%)</b>	<b>108</b>	<b>108</b>	<b>107</b>	<b>107</b>	<b>107</b>	<b>108</b>					

<sup>1</sup> Other milk includes goat, ewe and buffalo milk.

<sup>2</sup> Processed cheese impact includes production and net exports of processed cheese.

<sup>3</sup> Imports and exports include processed cheese.

**Table 5.15 EU-28 whole milk powder market balance (1000 tonnes)**

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Production</b>	<b>672</b>	<b>757</b>	<b>779</b>	<b>765</b>	<b>773</b>	<b>793</b>	<b>12.6</b>	<b>2.9</b>	<b>-1.8</b>	<b>1.1</b>	<b>2.5</b>
of which EU-15	608	691	707	700	707	725	13.5	2.4	-1.0	1.0	2.5
of which EU-N13	64	67	72	64	66	68	4.0	7.6	-10.0	2.0	3.0
<b>Imports</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>27</b>	<b>-62</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Exports</b>	<b>386</b>	<b>374</b>	<b>389</b>	<b>390</b>	<b>398</b>	<b>410</b>	<b>-3.0</b>	<b>3.9</b>	<b>0.3</b>	<b>2.0</b>	<b>3.0</b>
<b>Domestic Use<sup>1</sup></b>	<b>289</b>	<b>386</b>	<b>392</b>	<b>376</b>	<b>377</b>	<b>384</b>	<b>33.7</b>	<b>1.4</b>	<b>-3.9</b>	<b>0.1</b>	<b>2.1</b>
<b>Self-sufficiency rate (%)</b>	<b>233</b>	<b>196</b>	<b>199</b>	<b>203</b>	<b>205</b>	<b>206</b>					

<sup>1</sup> Domestic use includes stock changes.

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

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Production</b>	<b>1 121</b>	<b>1 120</b>	<b>1 448</b>	<b>1 565</b>	<b>1 653</b>	<b>1 607</b>	<b>0.0</b>	<b>29</b>	<b>8.1</b>	<b>5.6</b>	<b>-2.7</b>
of which EU-15	965	970	1 228	1 355	1 443	1 399	0.5	27	10.3	6.5	-3.0
of which EU-N13	156	150	220	210	210	208	-3.3	47	-4.7	0.0	-1.0
<b>Imports (extra EU)</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>					
<b>Exports (extra EU)</b>	<b>520</b>	<b>407</b>	<b>646</b>	<b>683</b>	<b>711</b>	<b>768</b>	<b>-22</b>	<b>59</b>	<b>5.8</b>	<b>4.0</b>	<b>8.0</b>
<b>Domestic use</b>	<b>697</b>	<b>719</b>	<b>786</b>	<b>824</b>	<b>845</b>	<b>876</b>	<b>3.1</b>	<b>9.4</b>	<b>4.8</b>	<b>2.5</b>	<b>3.6</b>
<b>Ending stocks</b>	<b>62</b>	<b>62</b>	<b>80</b>	<b>140</b>	<b>240</b>	<b>207</b>					
Private (industry)	62	62	80	100	90	62					
Public (intervention)	0	0	0	40	150	145					
Stock changes	- 95	0	18	60	100	- 33					
<b>Self-sufficiency rate (%)</b>	<b>161</b>	<b>156</b>	<b>184</b>	<b>190</b>	<b>196</b>	<b>183</b>					

**Table 5.17 EU-28 butter market balance (1000 tonnes)**

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Production</b>	<b>2 167</b>	<b>2 126</b>	<b>2 263</b>	<b>2 368</b>	<b>2 428</b>	<b>2 490</b>	<b>-1.9</b>	<b>6.4</b>	<b>4.7</b>	<b>2.5</b>	<b>2.6</b>
of which EU-15	1 918	1 876	2 002	2 092	2 140	2 193	-2.2	6.7	4.5	2.3	2.5
of which EU-N13	250	250	261	277	288	296	0.1	4.3	6.0	4.0	3.0
<b>Imports</b>	<b>29</b>	<b>21</b>	<b>25</b>	<b>3</b>	<b>7</b>	<b>14</b>	<b>-28</b>	<b>22</b>	<b>-86</b>	<b>100</b>	<b>100</b>
<b>Exports</b>	<b>124</b>	<b>116</b>	<b>134</b>	<b>180</b>	<b>207</b>	<b>231</b>	<b>-6.2</b>	<b>16</b>	<b>34</b>	<b>15</b>	<b>12</b>
<b>Domestic use</b>	<b>2 042</b>	<b>2 041</b>	<b>2 144</b>	<b>2 192</b>	<b>2 248</b>	<b>2 272</b>	<b>0.0</b>	<b>5.0</b>	<b>2.3</b>	<b>2.5</b>	<b>1.1</b>
p.c. consumption (kg)	4.0	4.0	4.2	4.3	4.4	4.4	-0.2	4.8	1.9	2.2	0.8
<b>Ending stocks</b>	<b>110</b>	<b>100</b>	<b>120</b>	<b>120</b>	<b>100</b>	<b>100</b>					
Private	110	100	120	120	100	100					
Public (intervention)	0	0	0	0	0	0					
Stock changes	31	- 10	10	0	- 20	0					
<b>Self-sufficiency rate (%)</b>	<b>106</b>	<b>104</b>	<b>106</b>	<b>108</b>	<b>108</b>	<b>110</b>					

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 tonnes carcass weight equivalent)

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Gross Indigenous Production</b>	<b>44 027</b>	<b>43 588</b>	<b>44 415</b>	<b>45 992</b>	<b>46 299</b>	<b>46 643</b>	<b>-1.0</b>	<b>1.9</b>	<b>3.6</b>	<b>0.7</b>	<b>0.7</b>
Live Imports	1	1	2	2	2	2					
Live Exports	232	179	197	247	231	203	-22.8	10.3	25.5	-6.5	-12.3
<b>Net Production</b>	<b>43 797</b>	<b>43 410</b>	<b>44 219</b>	<b>45 746</b>	<b>46 069</b>	<b>46 442</b>	<b>-0.9</b>	<b>1.9</b>	<b>3.5</b>	<b>0.7</b>	<b>0.8</b>
EU-15	36 712	36 373	36 715	37 682	37 850	37 989	-0.9	0.9	2.6	0.4	0.4
EU-N13	7 085	7 037	7 504	8 063	8 219	8 453	-0.7	6.6	7.5	1.9	2.8
<b>Meat Imports</b>	<b>1 326</b>	<b>1 310</b>	<b>1 331</b>	<b>1 364</b>	<b>1 393</b>	<b>1 426</b>	<b>-1.1</b>	<b>1.6</b>	<b>2.5</b>	<b>2.2</b>	<b>2.4</b>
<b>Meat Exports</b>	<b>3 691</b>	<b>3 687</b>	<b>3 496</b>	<b>3 651</b>	<b>3 731</b>	<b>3 803</b>	<b>-0.1</b>	<b>-5.2</b>	<b>4.4</b>	<b>2.2</b>	<b>1.9</b>
<b>Consumption</b>	<b>41 432</b>	<b>41 034</b>	<b>42 054</b>	<b>43 458</b>	<b>43 731</b>	<b>44 065</b>	<b>-1.0</b>	<b>2.5</b>	<b>3.3</b>	<b>0.6</b>	<b>0.8</b>
Population (mio)	507	507	509	510	512	513	0.1	0.3	0.3	0.3	0.3
<b>Per Capita Consumption<sup>1</sup> (kg)</b>	<b>65.2</b>	<b>64.5</b>	<b>66.0</b>	<b>68.0</b>	<b>68.2</b>	<b>68.6</b>	<b>-1.0</b>	<b>2.3</b>	<b>3.1</b>	<b>0.3</b>	<b>0.5</b>
<b>Self-sufficiency rate %</b>	<b>106</b>	<b>106</b>	<b>106</b>	<b>106</b>	<b>106</b>	<b>106</b>					

<sup>1</sup> 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 tonnes carcass weight equivalent)

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Gross Indigenous Production</b>	<b>7 860</b>	<b>7 495</b>	<b>7 663</b>	<b>7 897</b>	<b>8 037</b>	<b>8 032</b>	<b>-4.6</b>	<b>2.3</b>	<b>3.1</b>	<b>1.8</b>	<b>-0.1</b>
Live Imports	0	0	0	0	0	0					
Live Exports	159	109	114	178	161	132	-31.6	5.3	56.0	-10.0	-18.0
<b>Net Production</b>	<b>7 701</b>	<b>7 386</b>	<b>7 549</b>	<b>7 719</b>	<b>7 876</b>	<b>7 901</b>	<b>-4.1</b>	<b>2.3</b>	<b>2.2</b>	<b>2.0</b>	<b>0.3</b>
EU-15	6 948	6 680	6 765	6 838	6 933	6 939	-3.9	1.3	1.1	1.4	0.1
EU-N13	752	706	784	881	943	962	-6.2	12.2	12.3	7.0	2.0
<b>Meat Imports</b>	<b>275</b>	<b>304</b>	<b>308</b>	<b>300</b>	<b>304</b>	<b>318</b>	<b>10.6</b>	<b>1.4</b>	<b>-2.6</b>	<b>1.5</b>	<b>4.5</b>
<b>Meat Exports</b>	<b>209</b>	<b>160</b>	<b>206</b>	<b>207</b>	<b>217</b>	<b>208</b>	<b>-23.2</b>	<b>28.3</b>	<b>0.5</b>	<b>5.0</b>	<b>-4.0</b>
<b>Consumption</b>	<b>7 766</b>	<b>7 529</b>	<b>7 651</b>	<b>7 812</b>	<b>7 963</b>	<b>8 010</b>	<b>-3.1</b>	<b>1.7</b>	<b>2.1</b>	<b>1.9</b>	<b>0.6</b>
<b>Per Capita Consumption<sup>1</sup> (kg)</b>	<b>10.7</b>	<b>10.4</b>	<b>10.5</b>	<b>10.7</b>	<b>10.9</b>	<b>10.9</b>	<b>-3.2</b>	<b>1.5</b>	<b>1.8</b>	<b>1.6</b>	<b>0.3</b>
Share in total meat cons. (%)	18.7	18.3	18.2	18.0	18.2	18.2					
<b>Self-sufficiency rate (%)</b>	<b>101</b>	<b>100</b>	<b>100</b>	<b>101</b>	<b>101</b>	<b>100</b>					

<sup>1</sup> 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 tonnes carcass weight equivalent)**

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Gross Indigenous Production</b>	<b>22 554</b>	<b>22 385</b>	<b>22 568</b>	<b>23 375</b>	<b>23 301</b>	<b>23 474</b>	<b>-0.8</b>	<b>0.8</b>	<b>3.6</b>	<b>-0.3</b>	<b>0.7</b>
Live Imports	. 08	. 05	. 11	. 08	. 09	. 09					
Live Exports	36	26	36	21	22	22	-27.3	36.2	-41.9	5.0	0.0
<b>Net Production</b>	<b>22 519</b>	<b>22 359</b>	<b>22 533</b>	<b>23 354</b>	<b>23 279</b>	<b>23 453</b>	<b>-0.7</b>	<b>0.8</b>	<b>3.6</b>	<b>-0.3</b>	<b>0.7</b>
<i>EU-15</i>	19 127	19 055	19 074	19 756	19 717	19 766	-0.4	0.1	3.6	-0.2	0.2
<i>EU-N13</i>	3 391	3 304	3 459	3 598	3 562	3 687	-2.6	4.7	4.0	-1.0	3.5
<b>Meat Imports</b>	<b>19</b>	<b>15</b>	<b>13</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>-20.6</b>	<b>-14.3</b>	<b>-21.8</b>	<b>-4.0</b>	<b>-1.0</b>
<b>Meat Exports</b>	<b>2 151</b>	<b>2 198</b>	<b>1 909</b>	<b>2 074</b>	<b>2 136</b>	<b>2 243</b>	<b>2.1</b>	<b>-13.1</b>	<b>8.6</b>	<b>3.0</b>	<b>5.0</b>
<b>Consumption</b>	<b>20 387</b>	<b>20 177</b>	<b>20 637</b>	<b>21 291</b>	<b>21 153</b>	<b>21 220</b>	<b>-1.0</b>	<b>2.3</b>	<b>3.2</b>	<b>-0.6</b>	<b>0.3</b>
<b>Per Capita Consumption<sup>1</sup> (kg)</b>	<b>31.4</b>	<b>31.0</b>	<b>31.7</b>	<b>32.5</b>	<b>32.2</b>	<b>32.2</b>	<b>-1.2</b>	<b>2.0</b>	<b>2.8</b>	<b>-1.0</b>	<b>0.0</b>
<i>Share in total meat cons. (%)</i>	<b>49.2</b>	<b>49.2</b>	<b>49.1</b>	<b>49.0</b>	<b>48.4</b>	<b>48.2</b>					
<b>Self-sufficiency rate (%)</b>	<b>111</b>	<b>111</b>	<b>109</b>	<b>110</b>	<b>110</b>	<b>111</b>					

<sup>1</sup> 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 tonnes carcass weight equivalent)**

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Gross Indigenous Production</b>	<b>12 692</b>	<b>12 798</b>	<b>13 270</b>	<b>13 766</b>	<b>14 002</b>	<b>14 174</b>	<b>0.8</b>	<b>3.7</b>	<b>3.7</b>	<b>1.7</b>	<b>1.2</b>
Live Imports	1	1	1	1	1	1					
Live Exports	10	10	11	10	10	10	2.4	5.7	-3.3	0.0	0.0
<b>Net Production</b>	<b>12 683</b>	<b>12 789</b>	<b>13 261</b>	<b>13 757</b>	<b>13 993</b>	<b>14 165</b>	<b>0.8</b>	<b>3.7</b>	<b>3.7</b>	<b>1.7</b>	<b>1.2</b>
<i>EU-15</i>	9 821	9 835	10 085	10 288	10 397	10 479	0.1	2.5	2.0	1.1	0.8
<i>EU-N13</i>	2 862	2 954	3 176	3 470	3 597	3 686	3.2	7.5	9.2	3.7	2.5
<b>Meat Imports</b>	<b>841</b>	<b>791</b>	<b>821</b>	<b>852</b>	<b>873</b>	<b>890</b>	<b>-5.9</b>	<b>3.8</b>	<b>3.7</b>	<b>2.5</b>	<b>2.0</b>
<b>Meat Exports</b>	<b>1 306</b>	<b>1 293</b>	<b>1 350</b>	<b>1 351</b>	<b>1 358</b>	<b>1 330</b>	<b>-1.0</b>	<b>4.4</b>	<b>0.1</b>	<b>0.5</b>	<b>-2.0</b>
<b>Consumption</b>	<b>12 217</b>	<b>12 287</b>	<b>12 732</b>	<b>13 258</b>	<b>13 509</b>	<b>13 725</b>	<b>0.6</b>	<b>3.6</b>	<b>4.1</b>	<b>1.9</b>	<b>1.6</b>
<b>Per Capita Consumption<sup>1</sup> (kg)</b>	<b>21.2</b>	<b>21.3</b>	<b>22.0</b>	<b>22.9</b>	<b>23.2</b>	<b>23.5</b>	<b>0.4</b>	<b>3.4</b>	<b>3.8</b>	<b>1.6</b>	<b>1.3</b>
<i>Share in total meat cons. (%)</i>	<b>29.5</b>	<b>29.9</b>	<b>30.3</b>	<b>30.5</b>	<b>30.9</b>	<b>31.1</b>					
<b>Self-sufficiency rate (%)</b>	<b>104</b>	<b>104</b>	<b>104</b>	<b>104</b>	<b>104</b>	<b>103</b>					

<sup>1</sup> 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 tonnes carcass weight equivalent)**

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Gross Indigenous Production</b>	<b>929</b>	<b>918</b>	<b>913</b>	<b>953</b>	<b>959</b>	<b>962</b>	<b>-1.2</b>	<b>-0.5</b>	<b>4.4</b>	<b>0.6</b>	<b>0.3</b>
Live Imports	0	0	0	0	0	0					
Live Exports	27	34	36	38	39	39	26.1	7.7	4.1	2.0	1.0
<b>Net Production</b>	<b>902</b>	<b>884</b>	<b>876</b>	<b>915</b>	<b>920</b>	<b>923</b>	<b>-2.0</b>	<b>-0.8</b>	<b>4.4</b>	<b>0.6</b>	<b>0.3</b>
<i>of which on-farm slaughterings</i>	141	124	123	146	143	140	-11.9	-0.5	18.2	-2.0	-2.0
<i>EU-15</i>	815	803	791	801	803	805	-1.5	-1.4	1.2	0.3	0.2
<i>EU-N13</i>	87	81	85	114	117	118	-7.0	5.0	34.8	2.5	1.0
<b>Meat Imports</b>	<b>190</b>	<b>200</b>	<b>189</b>	<b>202</b>	<b>206</b>	<b>208</b>	<b>5.0</b>	<b>-5.6</b>	<b>7.1</b>	<b>2.0</b>	<b>1.0</b>
<b>Meat Exports</b>	<b>24</b>	<b>36</b>	<b>32</b>	<b>20</b>	<b>20</b>	<b>21</b>	<b>48.3</b>	<b>-11.6</b>	<b>-37.0</b>	<b>2.0</b>	<b>5.0</b>
<b>Consumption</b>	<b>1 068</b>	<b>1 048</b>	<b>1 033</b>	<b>1 097</b>	<b>1 106</b>	<b>1 110</b>	<b>-1.9</b>	<b>-1.4</b>	<b>6.2</b>	<b>0.8</b>	<b>0.3</b>
<b>Per Capita Consumption<sup>1</sup> (kg)</b>	<b>1.9</b>	<b>1.8</b>	<b>1.8</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>-2.0</b>	<b>-1.6</b>	<b>5.9</b>	<b>0.5</b>	<b>0.0</b>
<i>Share in total meat cons. (%)</i>	<b>2.6</b>	<b>2.6</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>					
<b>Self-sufficiency rate (%)</b>	<b>87</b>	<b>88</b>	<b>88</b>	<b>87</b>	<b>87</b>	<b>87</b>					

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

## 6. 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 AGRI4CAST<sup>19</sup>), 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 from 2000 to the present 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 cereals<sup>20</sup>. 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 93% to 97% for rapeseed, 89-92% for soybeans and 85-90% 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.

<sup>19</sup> <http://mars.jrc.ec.europa.eu/mars/About-us/AGRI4CAST/Crop-Monitoring-and-Yield-Forecasting>

<sup>20</sup> 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 equivalent<sup>21</sup>.

Production estimates for the year 2014 are based on annual and monthly data on slaughtering. Projections for the years 2015 and 2016 are based on the available livestock numbers, Member States expert forecast, on the expectations as regards implementation of new welfare rules in the pig sector, 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.

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<sup>21</sup> 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.

## 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 Member 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 1<sup>st</sup> 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](http://ec.europa.eu/agriculture/markets-and-prices/short-term-outlook/index_en.htm))

## 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 production<sup>22</sup>. Production of EU-28 total dairy products and in particular for SMP and WMP are estimated, where necessary since the concentration in the dairy processing industry has resulted in an increasing number of Member States not publishing their milk (monthly) production statistics due to confidentiality.

Milk production estimates for year 2015, projections for 2016 and 2017 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.

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<sup>22</sup> Milk statistics for the EU-N12 on-farm production of butter, cheese and other products has only recently become complete and has yet to be validated.

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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