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Short-Term Outlook

for EU arable crops, dairy and meat markets in 2016 and 2017

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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 June 2016 have been used. Next issue will be published in Autumn 2016.

Directorate-General for Agriculture and Rural Development – Short Term Outlook – N°15
http://ec.europa.eu/agriculture/markets-and-prices/index_en.htm

HIGHLIGHTS

- Further slowdown in world economic growth, depreciation in competing currencies and lower energy prices continue to pull down agricultural prices.
- Abundant EU meat and dairy product supplies and lower prices, strong exports.
- World ample cereal supplies push crop prices lower, EU record exports.
- By contrast, EU and world sugar prices continue their recovery as stocks decline.

The slowdown in the world economic growth, in particular in commodity-exporting emerging economies contributes to a persistent general decline in commodity prices, including in still oversupplied crude oil. The slight re-appreciation of the euro to 1.15 EUR/USD affects the competitive advantage of the EU in the world market.

In 2016, EU milk deliveries are expected higher than in 2015, leading to strong SMP stock levels and prolonging the period of lower milk prices. Nevertheless, several dairy product prices have started improving. In addition, strong EU exports of butter, cheese and UHT milk and higher Chinese and US import demand contribute to re-balance the market.

Surge in pigmeat exports to China allows for a recovery in EU prices. Poultry meat production should increase at lower speed, challenged by strong world competition. Good exports of meat and live cattle bring relief in the beef market, abundantly supplied with dairy cows. Sheep meat production is increasing, despite lower prices.

Despite recent heavy rains across main grains producing regions in the EU, the coming cereal harvest could be the third bumper crop in a row. With stocks increasing, prices are likely to remain low in the coming marketing year. Overall oilseed production is foreseen to slightly decline in 2016/2017 in the EU, but the expected good US crop could keep prices from rising. World and EU sugar markets are adjusting to the shift from ample supply to lower stock levels as consumption outpaces production.

This report is prepared for the EU-28, under constant policy assumptions, with the Russian import ban prolonged.

Agriculture and Rural Development

1. MACROECONOMIC OUTLOOK[1]

Persistent slowdown in emerging economies weighs on world economic growth

The World Bank has recently (June 2016) revised its projection for world growth significantly downwards, to 2.4% in 2016, 2.8% in 2017 and a projected 3.0% for 2018. This prolongs the slowdown of the world economy, driven by both advanced and emerging economies. The economic slowdown is not homogenous in all emerging economies, with commodity exporting countries hit harder than expected earlier. Russia, Latin America, Middle East, North Africa and Sub-Saharan Africa all see their economic growth projections substantially decreased, while at the same time the economic growth projection for South and East Asia, including India and China remains brighter and unchanged since the previous edition of the present document, as well as for those low income countries with less dependency on commodity exports.

The prospects for EU growth remain nearly unchanged, with a slow recovery to 1.7% in 2016 and 1.8% in 2017.

Unchanged trend in terms of exchange rates

Since the low of 1.05 USD per EUR of December 2015, the euro slightly appreciated towards the USD and reached 1.15 at the beginning of May, and oscillated between 1.09 and 1.15 USD per EUR since then. Over the two years, 2016 and 2017, the EUR/USD exchange rate is expected to remain at 1.11 on average (around 15% below the average of the three previous years).

Most of the other currencies depreciated with respect to the USD, with the exception of some Asian currencies and the Swiss Franc. Currencies of major high income countries remain as depreciated as the EUR (or even more) compared to the USD. Similarly, currencies for major commodity exporters such as Brazil, Argentina and Russia should stay strongly depreciated compared to the USD and the EUR.

Oil price expected to remain at low levels in the coming year

The sharp fall in oil prices until January 2016, close to 30 USD/bbl, came to an end and prices increased since then to reach 47 USD/bbl in May 2016. This followed several disruptions of supply in Iraq and Nigeria, as well as the further decrease of US supply expected in the second half of 2016. However, the oil price still remains 52% below the average 2014 level, with an oversupplied situation and record stocks in a context of low demand growth. The forecast for 2016 remains between 41 and 47 USD/bbl (World Bank, IHS, IMF), while for 2017 it ranges between 50 and 57 USD/bbl. There are few upside risks linked to possible disruption in some producing countries or decrease of OPEC production, but they are counterbalanced by downside risks (continuing lower growth in emerging economies, slower production adjustment of US supply with low prices, development of Iran supply).

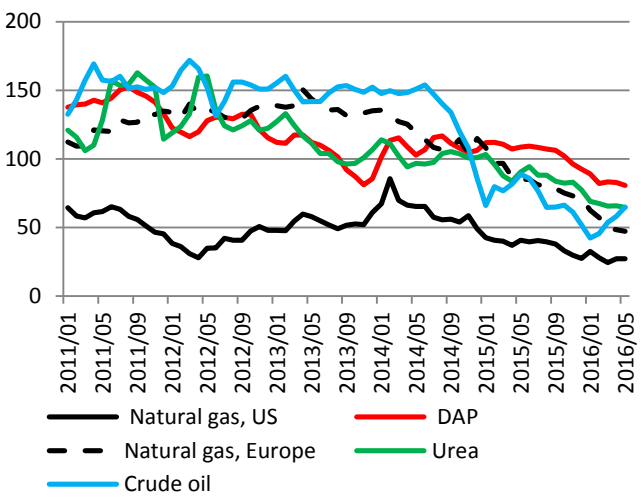
Natural gas prices kept on decreasing in the first half of 2016 and are not expected to pick up in the short-term due to large stocks and weak demand both in Europe and Japan.

Decreasing fertilizer prices

Nitrogen (N) fertiliser prices are slowly decreasing since 2013. Over the five first months of 2016, urea average price was 44% below its level in the first half of 2013 and DAP price (Diammonium phosphate composed of both N and P nutrients) was 26% below, also during the same period.

This price decrease was mainly driven by lower US natural gas prices (shale gas effect), which led eventually to a progressive decrease in the European Natural gas price starting from late 2013 (by 63% over the same time period) and lower oil prices since 2014. Gas stock accumulation also contributed to lower prices.

Graph 1 Crude Oil, natural gas and N fertilisers prices (index 2007=100)



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

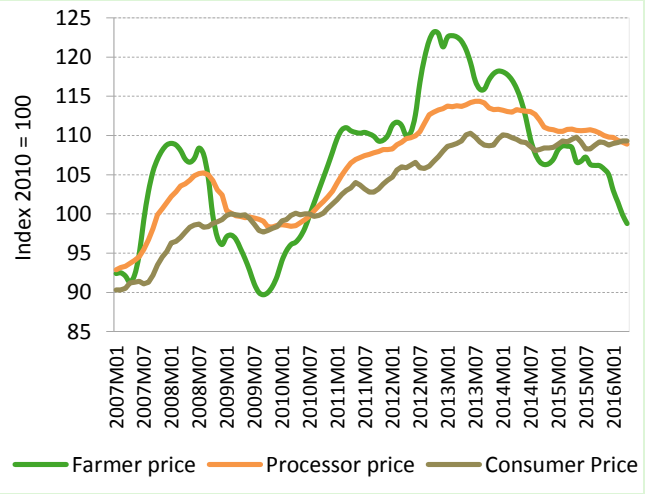
Therefore, European natural gas prices finally seem to benefit from the decrease in energy prices reducing the costs of production of N fertilisers. In addition, lower crop prices and the appreciation of the USD weigh negatively on the demand for fertilisers, and the decrease in N fertiliser prices should last throughout 2017, despite the recovery in crude oil price.

[1] Based on IHS (cut-off date 15th of June 2016), the European Economic Forecast Winter 2016 (5th of May 2016) and the World Bank Global Economic Prospects (June 2016).

Price developments along the food chain

Agricultural prices paid to farmers decrease steadily since 2014. In April 2016, the index for all agricultural commodities was 15% below its level two years ago. Over the same period, processor prices decreased by 4%, while consumer prices remained more or less stable. The sharp recent decrease in prices paid to farmers was not fully transmitted along the food chain. Agricultural prices are indeed more volatile. The index (2010=100) of farmer prices moved from 90 mid-2009 to 123 at the beginning of 2013 back to 98 in April 2016. In 2009 and 2016, processor and consumer prices decreased less and similarly the increase in 2013 was significantly lower.

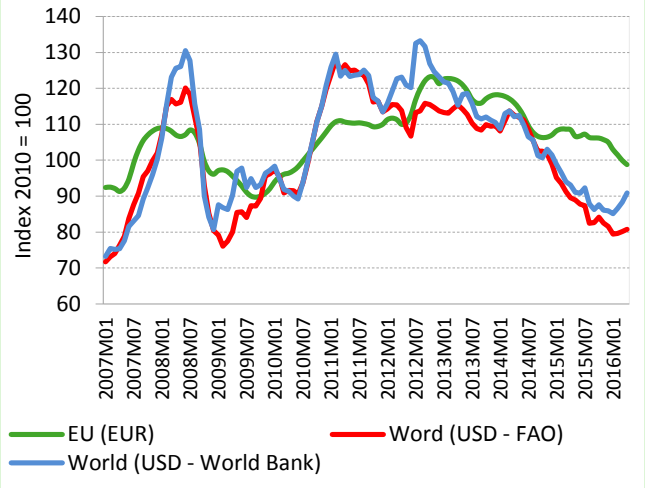
Graph 2 EU farmer, processor and consumer prices



Note: Eurostat monthly indices for EU farmer prices are not available since 2013. Until march 2015, it is estimated based on Member States data weighted by their share in the agricultural output. Beyond, the index is estimated based on cereal, sugar, milk and meat monthly prices weighted by annual production.
Source: DG Agriculture and Rural Development, based on Eurostat

Over the last two years, EU milk prices decreased by close to 30%, sugar and wheat (bread making quality) by 25% and pork by around 20%. By contrast, in April maize price was only 12% below its 2014 level, poultry 9% and beef 1%. The decrease in agricultural commodity prices is global and seems stronger in world markets (measured with a different methodology and product basket).

Graph 3 EU farmer price index compared to FAO and World Bank food price indices



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

2. ARABLE CROPS

2015/2016 good cereal harvest, except for maize

The EU cereal production for the marketing year 2015/2016 is expected to be high, only 5.4% below the record 2014/2015 harvest, at 310 million tonnes of usable production (close to 5% above the five year average). Area decreased by 1.1% compared to the previous marketing year, but remained close to the 5 years average. Yields were 4.3% lower than in the exceptional year of 2014/2015, but remain 5% above the average of the five last years.

The main contributors to this good harvest in terms of production are soft wheat (+14% compared to the 5 previous year average), barley (+9%), triticale (+16%) and durum wheat (+3%). Soft wheat reaches a new production record for the second year in a row with 152 million tonnes in total (+2% compared to the previous year). Excellent harvests were noted in France +9% and in Baltic countries (+30 to 50% depending on the countries). Durum wheat harvest recovered after a bad 2014/2015 year, with an increase by 12%, particularly in France +20%, but also in Italy and Spain +9%. Barley remained at a historically high level of production, with significant increases in France +6% and the UK +7%.

Maize production, on the contrary, suffered from dry climatic conditions, with the harvest 25% below the previous marketing year. At 58 million tonnes, it is the lowest harvest since 2007/2008. The decrease of maize production in 2015/2016 was widespread throughout Europe: production dropped in France (-5.0 million tonnes), Romania (-3.6 million tonnes), Hungary (-2.8 million tonnes) and Italy (-2.2 million tonnes).

Cereals: good availabilities and macroeconomic context supported exports, feed use and stocks

At the end of the 2015/2016 marketing year, EU cereal net trade surplus decreased by 8.4 million tonnes compared to the previous record year. However, net exports remained very high at 28 million tonnes, with good wheat exports at 31 million tonnes. Such decrease is principally due to increased imports of maize, as well as slightly lower net exports of soft wheat (-3.4 million tonnes). This is partly explained by rising wheat imports (4.0 million tonnes in total), among others low to medium quality wheat from Ukraine, while net exports of barley have kept on increasing and reached the record level of 13.2 million tonnes.

In 2015/2016, animal feed use is estimated to have reached a record of 175 million tonnes after the strong feed use already registered in 2014/2015, supported by further increases in animal production,

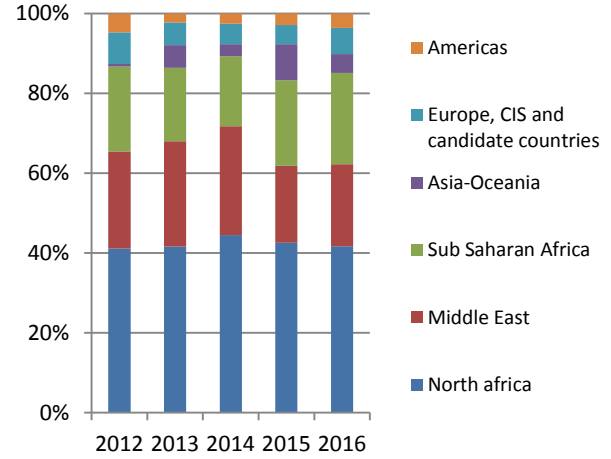
particularly dairy, and livestock numbers and low cereal prices.

Competitive record EU cereals exports

Total EU cereal exports are expected to reach 48 million tonnes in 2015/2016, driven by very good exports of soft wheat and barley. For these two cereals, the EU was the first world exporter in 2015/2016.

The increase in wheat exports is spread between the different destinations, with a tendency of a slight reduction in the shares of traditional main destinations (North Africa and Middle East), from 67% of the total exports in 2012-2013 down to 62% in 2015-2016 (with particular export declines to Iran, Morocco and Libya).

Graph 4 Distribution of EU soft wheat exports by destination (million t)

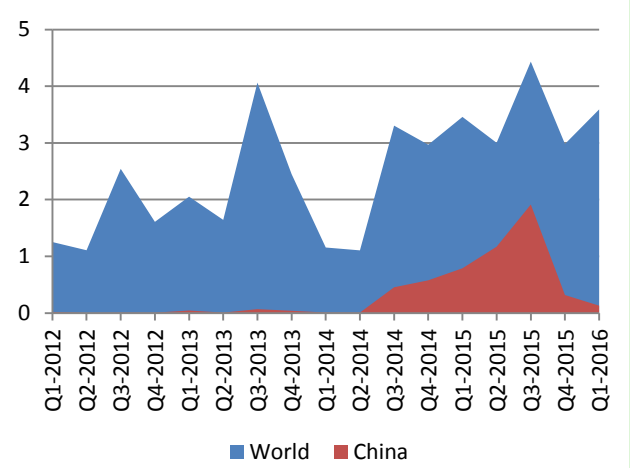


Source: DG Agriculture and Rural Development, based on Eurostat

By contrast, the share of Saudi Arabia increased. Other destinations seem to develop, particularly Sub-Saharan Africa, with its share of EU exports increasing from 19% in 2012-2013 to 22% in 2015-2016 (Kenya, Ethiopia, South Africa – in particular following the severe drought in southern Africa - being the lead destinations), as well as Asia (from 4% to 8% of the EU soft wheat exports, e.g. to Thailand, Bangladesh, Indonesia or Vietnam).

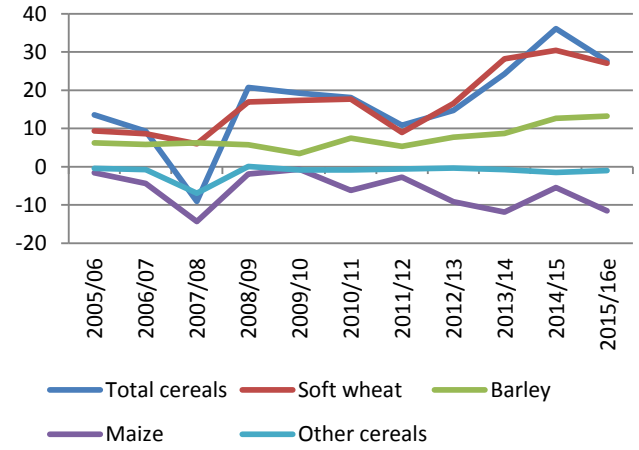
In the last two marketing years, barley exports increased thanks to higher shipments to China, which respectively amounted to 3.0 and 2.5 million tonnes, while they were insignificant in the preceding years. Other main increasing destinations were Saudi Arabia, Morocco and Iran. However, it is to be noted that since the very end of 2015, EU barley exports to China have nearly ceased, following changes in Chinese domestic policies for coarse grains (less price support to domestic production and destocking of maize). This loss will probably be more difficult to compensate by alternative destinations in 2016/2017.

Graph 5 Quarterly EU exports of barley (million t)



Source: DG Agriculture and Rural Development, based on Eurostat

Graph 6 EU cereal net trade (million t)

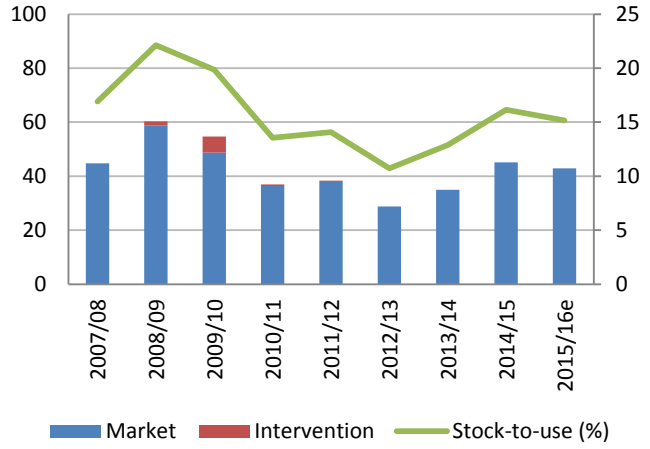


Source: DG Agriculture and Rural Development, based on Eurostat

The final stock-to-use ratio for all cereals in June 2016 is forecast to remain rather stable at 15% (against 16% in 2014/2015).

However, the situation is not uniform between cereals. Despite the good export performances for soft wheat, the ample harvest has allowed stocks to build during the 2015/2016 marketing year (+4.4 million tonnes), with the stock-to-use ratio reaching 13%, i.e. 3.4 percentage points higher than in previous years. By contrast, the significant increase in barley exports resulted in a reduction of the stock-to-use ratio down to 10%, close to the record low level of 2012/2013. Similarly, the maize stock-to-use ratio decreased to 22%, following the contraction of EU production in the last year, but remains close to the average of previous years and above the historical lows of 2012/2013 and 2013/2014.

Graph 7 EU cereal stocks (million t)

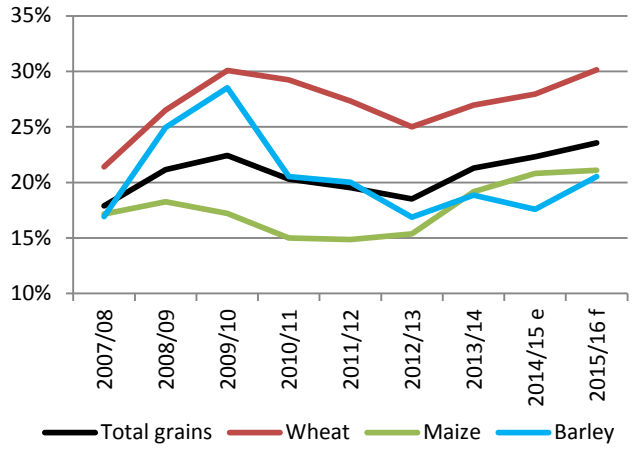


Source: DG Agriculture and Rural Development

World cereal harvest 2015/2016 also good and comfortable stocks are confirmed

The latest estimates for the 2015/2016 world harvest confirm the previous picture of an overall good total cereals harvest, only 1.5 to 2.0% below the previous record world harvest (IGC, USDA and FAO-AMIS).

Graph 8 World stock-to-use ratios (%)



Source: DG Agriculture and Rural Development, based on IGC

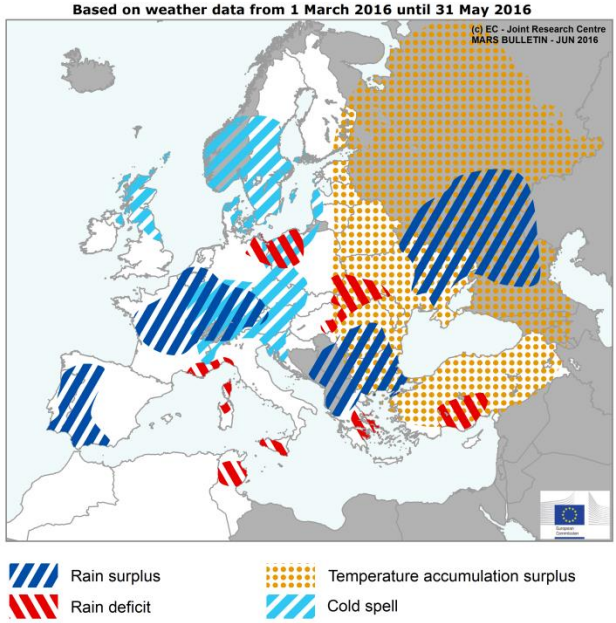
The picture is however different between crops: the 2015/2016 wheat harvest is at its historical peak around 734-736 million tonnes; barley is also quite high in terms of production with 148 million tonnes (+3.1%), although not reaching the highs of 2008/2009 and 2009/2010.

Maize production, on the contrary, is smaller than in the previous year (-3 to -5% depending on the sources), with a total production estimated between 971-1004 million tonnes. This results in increased stock-to-use ratios for wheat, barley and total cereals, to historically comfortable levels. Even though maize stock-to-use ratio slightly decreases, it remains above corresponding levels between 2010 and 2013.

2016/2017 EU harvest expected again above average

Most of the planted areas for 2016/2017 are now known and the picture is one of a slight increase of total cereals areas (+180 000 ha, very close to the average of the 5 years average). In terms of distribution per crops, areas of barley, durum wheat and rye increase significantly by 362 000 ha, 136 000 ha and 177 000 ha respectively, while soft wheat and maize areas decrease by 205 000 ha and 328 000 ha respectively.

Map 1 Areas of concern – extreme weather impacts



Source: Mars-Bulletin Crop Monitoring in Europe 24(6) http://mars.jrc.ec.europa.eu/mars/Bulletins-Publications

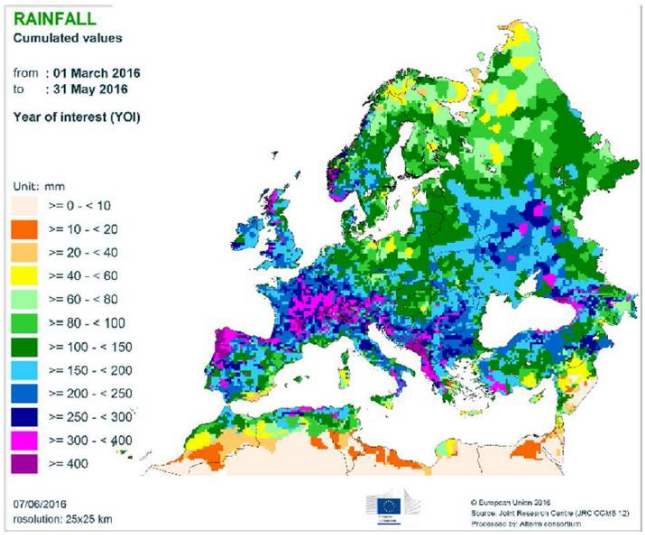
In terms of yield, crop-monitoring sources expect fairly good yields in Europe in the upcoming harvest, although lower than the record ones of the year 2014/2015. Conditions were particularly favourable in Southern and Eastern Europe (Spain, Romania, Hungary), although there are some areas of concerns with a cold spell in April, excessive rainfalls late May and early June in large parts of Western Europe and persistent dry conditions in some parts of Poland and Germany as well as in Scandinavia. Overall, this may result in yields above the five years average, particularly for soft wheat (+4%), durum wheat (+2%), barley (+7%) and maize (+6%).

Under these conditions (area slightly increasing, yields fairly above average), EU usable production of cereals is expected to reach a high level for the third consecutive year at 313 million tonnes, i.e. 2.5 million tonnes more than in 2015/2016 (+1%). Even though still at the early stage of development, maize production should come back to levels close to its

historical average, with 65 million tonnes (+12% compared to last year). Barley production is also expected to further increase by close to 2 million tonnes (7% above the five last years' average). By contrast, soft wheat production is expected to decrease by 7 million tonnes (because of slightly reduced areas and lower yields), 5% below last year, yet still 5% above average.

Spring weather conditions may have a negative impact in some important cereal producing regions. In France, humid conditions might increase the risks of disease and lodging. Local storms damaged around 40 000 ha in Germany. Flooding and waterlogging has also been reported in Belgium and the Netherlands. There are therefore concerns about the quality of grains and the share of feed wheat could increase, with indirect consequences on maize price. The impact will also depend on weather conditions at the time of harvest later in summer.

Map 2 Cumulated rainfall over March-June period. Excess of temperatures are depicted in the reddish areas



Source: Mars-Bulletin Crop Monitoring in Europe 24(6) http://mars.jrc.ec.europa.eu/mars/Bulletins-Publications

Possible large world cereal crop could keep prices low

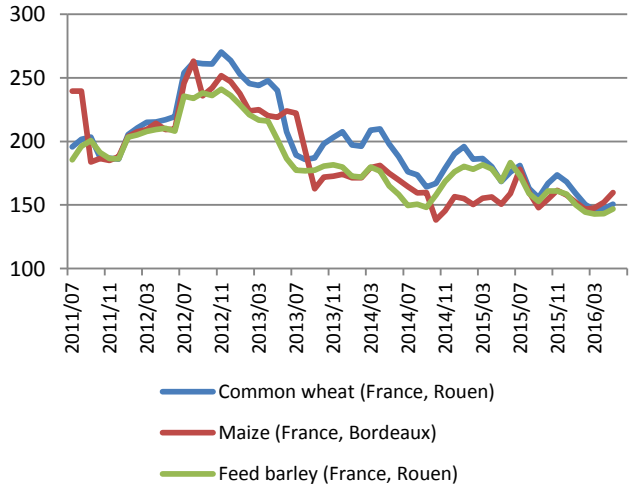
All sources for world cereals projections (IGC, USDA and AMIS-FAO) foresee an increase in 2016/2017 world production between 0.5% and 1.8%. There are chances that the 2016/2017 harvest equals the record year of 2014/2015.

Concerning wheat, projections range between 722 and 731 million tonnes, slightly below last years, but well above historical average. US supplies are expected to be higher than last year. In Ukraine, despite poor sowing conditions and risks of frost kill, spring has been very favourable. The Russian wheat harvest is also expected to be good.

World maize production is expected to increase compared to last year by 2.3% to 4.6%, depending on the source. This would imply a harvest of the size of the one two years ago. Concerns on the impact of dry weather in spring 2016 for the second Brazilian harvest and therefore some tightening on the maize availabilities in South America (and spill-over from similar impacts on soybean production) had implications in the two last months (May-June) on world prices (increasing by 6 to 10%), and with delay on European prices.

Barley world harvest is expected to be 4% lower than in 2015/2016, thus partly compensating the threats of strongly reduced Chinese imports.

Graph 9 EU prices for cereals (EUR/t)



Source: DG Agriculture and Rural Development

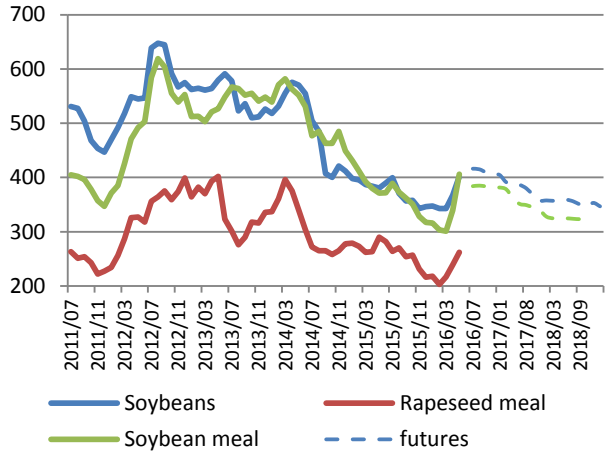
Thanks to ample supply, world and EU cereal prices remained at low levels throughout the marketing year 2015/2016. Compared to the previous marketing year, soft wheat and barley prices were lower by close to 10%, supporting EU exports on the world market. The EU price of maize was slightly up in 2015/2016, following the poor harvest, closing the gap with barley and wheat. Given the prospects of good world and EU harvests for all cereals and the macroeconomic context, it seems likely that cereal prices will remain at similar low levels during most of 2016/2017.

Oilseeds: a smaller than expected harvest 2015/2016 led to increased prices this spring

Following revisions of soybean production in Argentina, Brazil, Uruguay and China, the global oilseeds 2015/2016 harvest was re-estimated downwards. In Brazil in particular, the soybean crop estimate was reduced by 2 million tonnes following hot and dry conditions in parts of the country, adding to concerns over Argentina's harvest quality also affected by heavy rainfalls in April.

This situation led to a recent significant increase in soybean international prices (+16% between December 2015 and May 2016) after a year of lower prices. Prices for soy meals followed a similar trend, as well as prices for rapeseed meals. Future markets quotations (CBOT) indicate lower prices to come as a fairly good US harvest is expected.

Graph 10 Monthly soybean seeds and meals, rape meals spot and future prices (USD/t)



Source: FAO Food Price Monitoring and Analysis Tool, CBOT

The EU 2015/2016 harvest was, on the contrary, revised upwards in recent months. It is now confirmed at 31.7 million tonnes (-10% compared to the 2014/2015 marketing year, but still 4% above the five years average). Both rapeseed areas and yields were well below their 2014/2015 levels (although yields were still above average). With 21.6 million tonnes, 2015/2016 EU rapeseed production is 11% below the record of 2014/2015 and 5% below average. Similarly the production of sunflower seed suffered from lower yields (-14%) due to similar climate reasons as for maize (heat waves in Central and Eastern Europe).

These poorer harvests of rapeseed and sunflower seed have been partly compensated by a surge in EU soybean production, supported by a more favourable policy environment such as regulatory and financial incentives to cultivate nitrogen fixing crops. The increase in 2015/2016 is significant: +24% compared to previous year and +76% compared to the five years average. However, the quantities remain modest (2.3 million tonnes, while the EU imported 12.6 million tonnes of soybean seeds the same year and over 20.2 million tonnes of soymeal).

With such decrease of EU oilseeds production, the EU self-sufficiency rate decreased to 67% (after having reached a record of 72% in 2014/2015). Imports of seeds have increased further by 7% compared to previous year, principally of rapeseed (at 3.5 million tonnes) and sunflower seed (at 0.3 million tonnes). On the contrary, imports of soybean seeds are estimated to have decreased slightly (-1.4% at 12.6 million tonnes). Crushing of rapeseed and sunflower seed also decreased significantly following the reduced availability of seeds.

EU meal imports increased over the marketing year 2015/2016 in order to compensate for the decrease in domestic crushing. They reached 51 million tonnes (8% above last year). The EU self-sufficiency rate in meals dropped back to 55% (2.5 percentage points below previous year). Total domestic use, driven by low prices and expanding meat and milk production, keeps on increasing both for oilseeds and meals.

In line with the contracting biodiesel demand linked, among others, to low oil prices, EU domestic vegetable oil use declined in 2015/2016 by 2.5% (down to 22 million tonnes), mainly because of the lower domestic production of rapeseed and sunflower seed. This decrease of domestic oils is partly compensated by an increased use of palm oil (+3.1%) and soy oil (+8.5%), partly imported, the latter partly crushed/produced domestically.

Lower EU oilseeds harvest and uses in 2016/2017

World oilseed production in 2016/2017 is projected at 534 million tonnes, slightly below 2014/2015 record of 537 million tonnes (USDA), principally thanks to an average harvest in Brazil. The uses of meals keep on increasing at a steady rate at world level, including in China. However, in the given context of low crude oil price and with world stock-to-use ratio anticipated to increase in 2016/2017 from 23% to 24% at the end of the marketing year, prices should remain low in the coming marketing year.

In the EU, it is yet early to have robust projection of areas for soybean or sunflower. However, it seems that the expected total oilseed planted area would slightly decrease by 168 500 ha (-1.4%), affecting most crops including soybean. Sunflower area would be reduced by 89 000 ha, soybean by 49 000 ha (still much higher than in 2012/2013) particularly in Bulgaria, Hungary, Italy and Romania, and rapeseed by 26 000 ha.

Nevertheless, with higher sunflower yield than last year, the EU production of this crop would increase by 9% back to historical average. The production of rapeseed is characterised by lower yields than average. Yields were affected among others by the cold spell in April in France, the pressure of disease following the excessive rainfalls of May-June in continental Western Europe and dry conditions in Northern-eastern Germany which did not allow adequate grains maturation. This should result in a further decrease of rapeseed production for the second year in a row (-3.5% compared to the previous year). With yield expected higher this year than last year for soybean, the expected reduction in areas would be partly offset and the production should

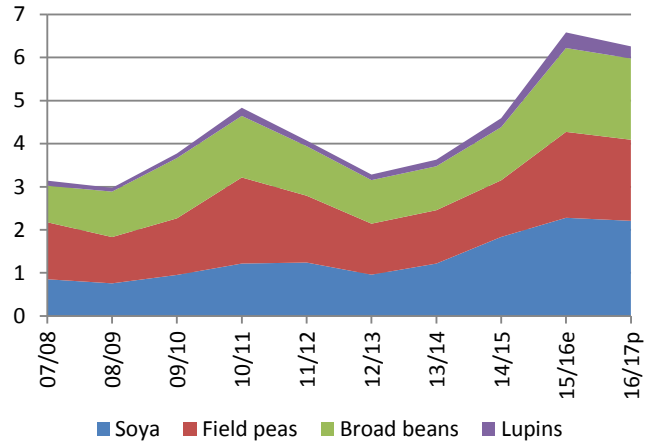
only slightly decrease by 3.1% (still 47% above average).

Protein crops: consolidation in 2016 of the rise in areas

For protein crops, the area increased in 2015/2016 by 59% compared to the previous year (50% above the past five years' average). This should be seen in relation to the favourable regulatory framework (e.g. introduction of Ecological Focus Area) and the financial measures (Voluntary Coupled Support) for nitrogen fixing crops. Production reached levels unprecedented since 2004/2005, although still well below the levels attained in the nineties. The increase is stronger for broad beans than for field peas.

A consolidation of this increase is expected for the coming marketing year with a further increase of broad beans area (+3.5%) rather than field peas (-1.3%). This switch between crops, particularly in the Baltic States, is based on estimates and still to be confirmed. With lower yields expected than last year, the production would be slightly declining by 6%, but remain 38% above average.

Graph 11 Nitrogen fixing crops production (million t)



Source: DG Agriculture and Rural Development, based on Eurostat

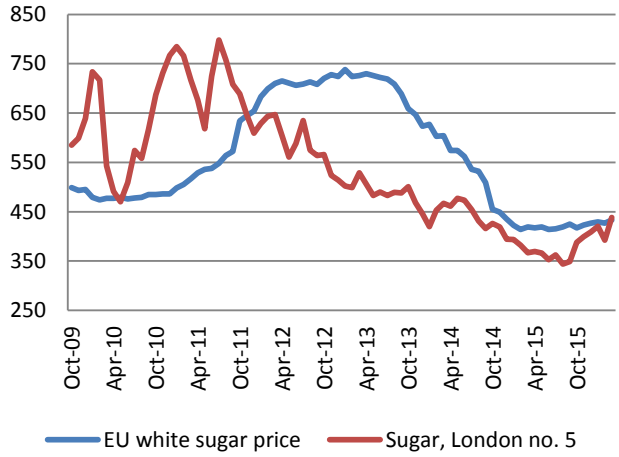
Sugar: from a world of plenty to a production deficit

With the 2015/2016 marketing year coming to an end after summer, the strong reduction in white sugar production is confirmed. Following a record white sugar production in 2014/2015, the consequential sizeable carry forward and physical end stocks led to a strong reduction in sugar beet sowing in 2015 (-13% compared to 2014/2015). The area contraction combined with average yield performances led to the lowest sugar beet production in the last ten years and a white sugar production of 15 million tonnes in 2015/2016.

Both EU and world prices have increased over the last months from low levels. This upward trend is caused by an anticipated world production deficit of around 9.5 million tonnes of raw sugar in 2015/2016 and a forecasted deficit of around 6.5 million tonnes for the 2016/2017 season. This means that after 5 years of continuous over supply, consumption caught up with production and will eat into global stocks for two seasons in a row. 2015/2016 world end stocks are expected to be around 70 million tonnes and 64 million tonnes in 2016/2017. However, compared to historical levels, sugar prices are still at an average level as the increase started from very low. Indeed although stocks are forecasted to decrease, the end stocks are above the 2008-2011 level. Moreover, the market suggests that there is a trade flow surplus as there is more sugar for sale than there are buyers, as big users still have important private stocks for the coming quarter.

Another factor of uncertainty regarding world sugar prices development is the changes in ethanol market, especially in Brazil, where 56% of the sugar canes are processed into ethanol. Further countries to be followed with regard to the price development include India and Thailand.

Graph 12 World and EU white sugar prices (EUR/t)



Source: DG Agriculture and Rural Development, based on Member States' notifications and London International Financial Futures and Options Exchange

At European level, the lower availability has also led to price increases with an EU average price at 428 EUR/t in April. This monitored price focuses on longer-term contracts and hides the fact that spot prices are above 550 EUR/t in specific Member States.

Despite increased EU white sugar prices and a low availability on the EU market, imports for the 2015/2016 campaign lag behind last year. EPA/EBA imports[2] in 2015/2016 are likely to stay below 1.9 million tonnes, compared with 2.1 million tonnes in 2014/2015. By contrast, Brazil returned to the EU market, increasing shipments compared to last campaign under the CXL tariff rate quota (TRQ). Total

[2] Least developed countries and countries with an economic partnership agreement have duty free access to the EU sugar market.

imports are expected to amount to less than 3 million tonnes.

A conservative production level in the last quota year

In 2016/2017, the sugar beet production is estimated 5% above last year, at 107 million tonnes. Sugar beet sowings have been conservative, with a 2.4% increase in area compared to 2015/2016 but a 7% decline compared to the five year average. Farmers were advised not to surpass quota too much in the light of the end of the quota regime in October 2017. Yields so far are estimated slightly above the 5 year average (+1%). The status differs significantly between Member States. While in France, the sugar beet harvest is likely to gain from the above average rainfall, it might cause problems in Belgium and the Netherlands as a result of flooding. However, crops on well-drained soils can actually benefit from the currently high soil-moisture levels. For Poland the cold temperature at the beginning of the growing season limits the yield potential with average yields expected. Assuming average sugar content at this point in the campaign, EU sugar production is forecasted at 16.3 million tonnes (+10% from 2015/2016).

The below average white sugar production will further limit the availability on the EU sugar market. The expected effect is twofold; EU white sugar prices are assumed to further increase and imports would likely increase. Imports are expected to be around 3.5 million tonnes (this might require measures to be taken to increase sugar imports). Nevertheless, the end stock would be very low at 0.4 million tonnes. This level could be higher, if EU exports are considerably below the WTO export limit, which will apply one more year and ends in 2017.

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3. DAIRY

Some recovery in dairy product prices…

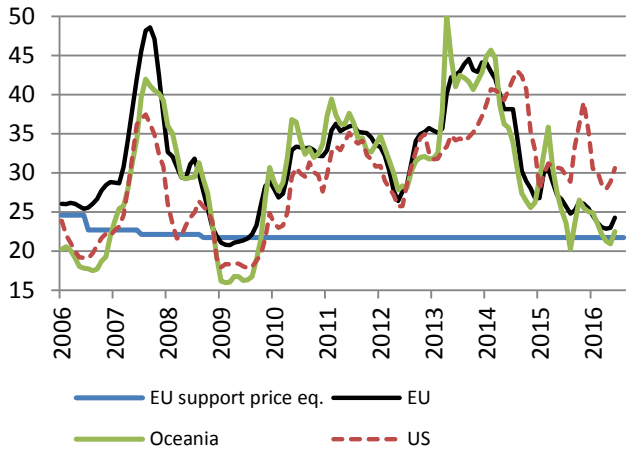
Since the first week of May, EU prices have started to increase for butter (+12% in 6 weeks), whole milk powder (WMP, +11%) and whey powder (+15%) and to a lesser extent for skimmed milk powder (SMP, +5%), cheddar (+3%) and gouda (+2%).

…but not yet in milk prices paid to farmers

At 27.27 EUR/100 kg in April, the EU raw milk price was 13% below last year and close to 30% below April 2014. Estimates notified to the Commission by Member States indicate that further price cuts took place in May, while dairy product prices started recovering. This delay in price transmission follows a similar path with 2009, when the strongest monthly price decreases took place in March and April, while dairy product prices had already stabilised.

This EU average milk price masks strong differences in price levels and trends between and within Member States. In Latvia and Lithuania, the milk price is now below 20 EUR/100 kg. In Spain, Italy and France the average milk price is around 10% below last year, while the price drop is around 20% in Ireland, Czech Republic, Hungary and the UK. In addition, these are national averages and the gap between the prices received by farmers can be huge between those where dairies are engaged in speciality cheeses or have specific contracts with retailers, those paid at A/B or C price level[3] or those selling on the spot market.

Graph 13 Milk price equivalent around the world (EUR/100 kg)



Note: based on SMP and butter prices
Source: DG Agriculture and Rural Development based on Member States' notifications and USDA

[3] In several countries a significant share of the milk is paid according to market price developments (A price), while the rest of the milk is paid based on SMP and butter prices (B price). In French cooperatives, for quantities produced beyond agreed quantities, farmers are paid at a lower price (C price), which can be as low as 5 EUR/100 kg.

At 24.3 EUR/100 kg in June, the EU milk price equivalent based on butter and SMP prices is 2.6 ct above the support price equivalent, given butter price stands 24% above intervention price and SMP at intervention price level. Small price increases could be observed in New Zealand and the US too. The milk price equivalent is very close in the EU and in New Zealand. In the US, the high demand for butter and cheese maintains butter prices up, thus the milk price equivalent is at higher levels.

A strong global and EU supply

After a limited increase in global production in 2013 due to unfavourable weather conditions, major exporters (EU, US, New Zealand) increased their supply by 10 million tonnes in 2014 and 4.5 million tonnes in 2015. This increase in supply coincided with the introduction of the Russian import ban in August 2014 and the strong decrease in Chinese purchases. Therefore, despite significant increases in domestic use and good exports in 2013 and 2014, ***the surplus of milk originating from these 3 countries cumulated to close to 6 million tonnes in 3 years.***

Table 1 Global milk surplus (million tonnes)

		2013 /12	2014 /13	2015 /14	Sum 13-15
EU +NZ +US	Prod.	+1.6	+10	+4.5	+16.1
	Dom. Use	+1.9	+2.8	+1.2	+5.9
	Exp.	+1.2	+3.4	-0.2	+4.4
	Surplus	**-1.5**	**+3.7**	**+3.5**	**+5.7**
China	Imports	+2.7	+0.7	-2.5	+0.9
Russia	Imports	+3.2	-0.7	-1.2	+1.3

Note: In milk equivalent (total solids)
Source: DG Agriculture and Rural Development, based on USDA, GTA

Unlike previous years, when production increase concentrated mostly in New Zealand and the US, the EU contributed recently much more to the increase in global supply: the high dairy prices in 2013, in a context of milk quotas soon to be removed (as of April 2015), gave a strong incentive to EU farmers to invest and in the last 3 years EU milk deliveries increased by 11 million tonnes.

By the 23 of June, the EU has removed from the market the equivalent of 3.5 million tonnes of milk thanks to aided storage[4]. *Like in previous situations, the release of intervention stocks will be managed in a way that will not disturb markets.*

A further increase of EU milk deliveries in 2016…

The global oversupply and the accumulated private stocks (see box above) will weigh on the market and it may take several months before EU milk prices recover significantly. However, the seasonal production peak is already behind us and production quantities start to decrease already in June, with positive impact on milk prices. In addition, in New Zealand and Australia milk production stands below

[4] Private aided stocks of butter, cheese and SMP at the end of May plus all quantities offered to public intervention by the 23 June 2016, in milk equivalent (total solids, coefficients used for SMP: 7.6, butter: 6.57 and cheese: 3.6).

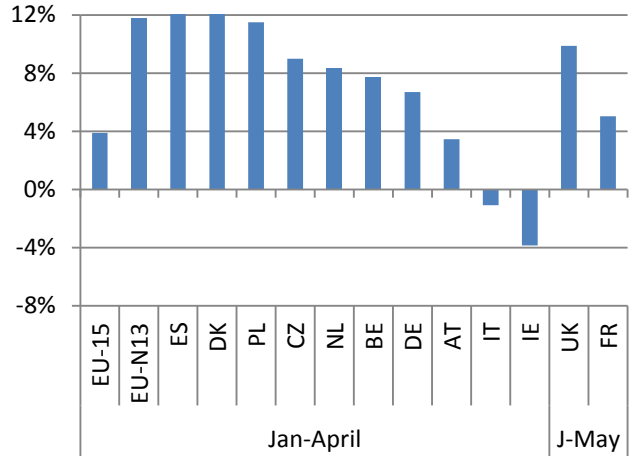
last year (at respectively -1.6% and -1.2% to date). However, in the US, milk production continues its steady growth, as margins are not as low as in Oceania or the EU: the USDA expects a 1.9% supply increase in 2016.

In the EU, milk deliveries could grow by more than 1% in 2016 (above 2 million tonnes). This is notably due to a strong increase in the first four months of the year (+5.5%), to be followed by a slowdown, likely to lead in the second half of the year to a milk collection below last year. Data in the first quarter compares with a period of time last year when several Member States reduced milk collection to limit surplus levies because the quota system was still in place until 1 April. By contrast, some downward supply adjustments are currently taking place. In addition, as every year, weather will play a major role.

...despite some on-going supply adjustments

Milk price reductions since the beginning of the year, together with a rise in feed prices notably for soymeal, squeezed farmers' margins further. While for several months, many farmers kept their cows and continued producing to maintain revenues (and pay back loans), some farmers have now started culling more cows.

Graph 14 Year-to-date change in the number of cows slaughtered



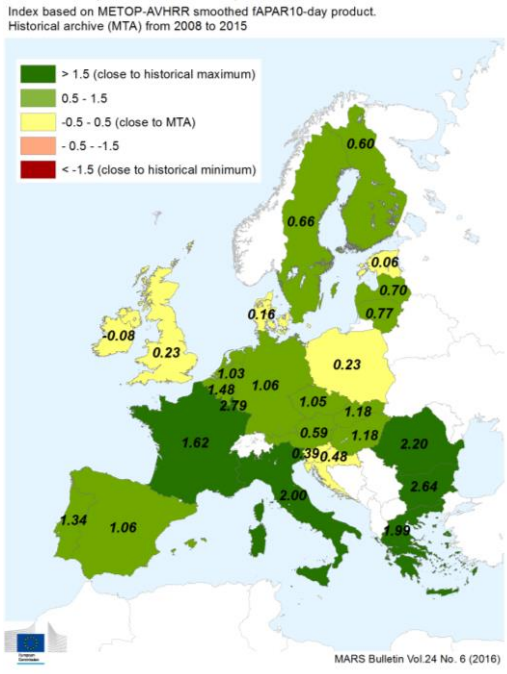
Note: beef and dairy cows, Feb. corrected for the additional day
Source: DG Agriculture and Rural Development based on Eurostat

According to available statistics, cow slaughterings are significantly increasing in major milk producing countries: Spain, Denmark, Poland, the UK, Czech Republic, the Netherlands, Belgium and Germany. This indicator is only partial, because it does not distinguish between beef and dairy cows, while ready-to-produce dairy heifers might be numerous. Moreover, the effect on supply might be mitigated by productivity gains: in Poland, milk collection increased by 8% to date (April) despite a strong rise in the number of cows slaughtered (+11%).

There are other factors playing a role, e.g. in France operators apply various supply management means such as A/B/C[3] price systems, penalties if deliveries go beyond contracted volumes, incentives to reduce milk deliveries… The differentiated pricing (A/B) system applies also in several English and Spanish companies.

The weather is another major player. The map below indicates that in Ireland and the UK pasture productivity is close to average, i.e. below last year. After a rather cold start, temperatures in May were higher than usual. The outlook for June will therefore mainly depend on temperatures, as soil moisture is currently high and could support high biomass production levels. Beyond price effects, this delay in grass growth affected already milk collection in the two islands and in Ireland, April milk collection was 4% below last year. In Poland, pasture conditions are more affected by dry conditions. Elsewhere, pasture productivity is above average and could support milk production.

Map 3 Relative index of pasture productivity
Period of analysis 1 March – 31 May 2016



Note: This index is a synthetic indicator of biomass formation. A value of 0 indicates that biomass production in the current season is similar to the long-term average (2008-2015). Values greater than 2 and less than -2 indicate that biomass production is close to, respectively the historical maximum and minimum of the period 2008-2015.
Source: Mars-Bulletin Crop Monitoring in Europe 24(6) http://mars.jrc.ec.europa.eu/mars/Bulletins-Publications

Available data shows a decrease in milk collection compared to last year in France, the UK, Spain, Portugal, Slovakia, Denmark and Ireland. In other Member States, the Netherlands, Poland and Italy, the increase compared to last year slows down, but remains strong. In the Netherlands, farmers try to increase production as long as they can, given that by the 1st of January 2017 they will need to comply with the soon-to-be voted legislation restricting phosphates

emissions. In Hungary, Luxembourg and Estonia, milk collection continues steadily increasing compared to last year.

Measures adopted to support the dairy sector

Safety-net:

- *prolongation of the intervention period and increase up to 350 000 tonnes of the SMP ceiling determining the quantities that can be bought at fixed price (169.8 EUR/100 kg),*
- *private storage aided scheme for SMP and butter,*
- *enhanced private storage aided scheme for SMP (higher support rate with longer storage period - 365 days).*

Exceptional market measures:

- *private storage aided scheme for cheese,*
- *420 million EUR of targeted aid for the livestock sector (under the solidarity package), with the option of a 100% top-up using national funds,*
- *38 million EUR of exceptional aid to Baltic countries and Finland, particularly affected by the Russian import ban, also with possibility of national top-up*
- *possibility of voluntary agreements between farmers to limit milk supply for a 6 months period, starting from 13 April (based on Article 222 of the Common Market Organisation).*

Other measures:

- *establishment of a task force on agricultural markets,*
- *temporary increase in state aids*
- *increased rates of advanced payments under the direct payment scheme*
- *increased funds for food promotion programmes*
- *advancing of the Milk Package report from year 2018 to year 2016.*
- *milk for Syrian school children*

To know more, see also:
http://ec.europa.eu/agriculture/russian-import-ban/legal-acts/index_en.htm#dairy
http://europa.eu/rapid/press-release_IP-16-806_en.htm
http://ec.europa.eu/agriculture/newsroom/288_en.htm

A growing EU share in the world market

World exports are slightly below last year in the first four months of the year (based on major exporters' data). However, while shipments from the US, Australia and New Zealand decreased significantly, EU exports increased by 6% (in milk equivalent[5]), bringing its market share to 37% (3 percentage points above last year). In the US, rising domestic demand attracts more imports and leads to lower exports (-9%). US cheese exports declined strongly and despite the lower US price, SMP exports remained 5% below last year. As regards Oceania, the decline in production weighted on export performance (-5%).

On the demand side, Chinese imports recovered strongly in January (in link also to the annual opening in January of the existing TRQ with New Zealand) and continued increasing since but at lower rates. To date (May) they rose by 22% compared to last year, with the strongest increases recorded for UHT milk and butter. Over this period, in milk equivalent, liquid milk imports represented 7% of Chinese total imports of dairy products, i.e. more than butter or cheese. Russian imports increased too (+14% to April), in particular for cheese originating from Belarus. They remained though 28% below their 2014 pre-ban level. Total Japanese and South Korean imports are oriented downwards but nevertheless the EU increased strongly its cheese shipments to these countries. Close to 30% of Japanese cheese imports originated from the EU over the January-April period, this share reached 40% in South Korea.

Overall in 2016, despite the maintenance of the Russian ban, EU exports are expected to increase by 5%, i.e. by close to 900 000 tonnes of milk equivalent, driven by strong cheese, butter and UHT milk exports. A similar increase is expected to take place in 2017.

A robust domestic demand

In the EU, retail sales of liquid milk continue decreasing in several Member States, however cheese sales continue to increase and total domestic use of dairy products could increase by more than 1% in 2016, i.e. 1.2 million tonnes of milk equivalent.

Despite this sustained consumption and the performing exports, supply increase in the EU and worldwide has been so large in the last years that major quantities of dairy products need to be stored, especially in aided stocks (around 3.5 million tonnes of milk equivalent by end of June). Given the relatively well oriented butter market and the enhanced opportunities to store SMP, operators channelled large quantities of milk into SMP/butter processing. Over the first four months of the year, while milk collection rose by around 5.5% compared to last year, SMP production increased by 18% and butter by 12%. By contrast, cheese production grew by 3.5% 'only' and the production of fresh dairy products remained stable.

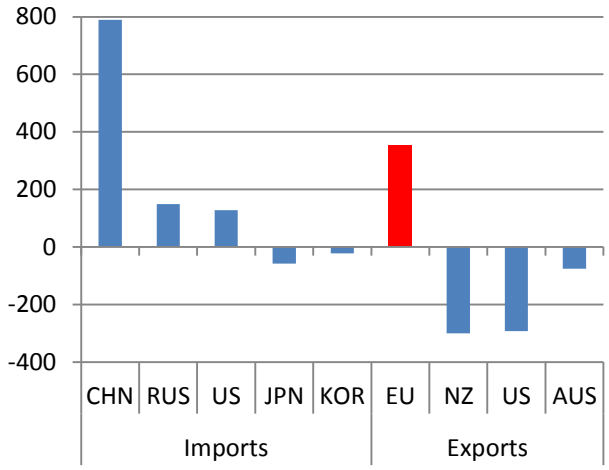
Large quantities of SMP in stocks

The equivalent of 30% of the SMP produced in the first four months of the year was offered into public intervention over the same period. By the 23rd of June, SMP offers reached 337 000 tonnes, the equivalent of 2.6 million tonnes of milk[6]. Public stocks held by the EU increased also because operators reduced the share of stocks they hold privately. At the same time, SMP exports declined strongly compared to last year in March and April. To date (April), exports laid 8% below last year. Shipments declined in particular to Algeria (-21%) and Egypt (-23%). This is partly linked to the impact of lower oil prices.

[5] Methodology based on total solids components of milk (not only fat and proteins), coefficients used: 7.6 for SMP, 7.56 for WMP, 7.48 for whey powder, 6.57 for butter, 3.6 for cheese.

[6] 11 kg of milk are required to produce 1 kg of SMP, i.e. 3.7 million tonnes of milk for 337 000 tonnes of SMP. However, the fat component of the milk is used to produce butter, this is why the stored quantity of SMP expressed in milk equivalent is lower.

Graph 15 Change in trade year-to-date (April, in 1000 t of milk equivalent)



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

In 2016, SMP production could reach a record high of 1.6 million tonnes, 4.5% above last year. Exports could catch up with last years in the second half of the year but they are likely to stay below 2015 (-3.5%). With a limited decrease in domestic use (below 1%), this would bring SMP ending stocks to 550 000 tonnes, of which 430 000 tonnes into intervention.

A full use of the 350 000 tonnes ceiling of SMP bought-in at fixed price would mean ending the year with at least 470 000 tonnes of public stocks. With the seasonal decrease in milk production, offers to public intervention are expected to slow down, even though further shifts between private and public stocks could take place.

In 2017, in view of the accumulated stocks, without any anticipated sales of public stocks and with exports performing well (+15%), SMP production would need to drop by 8% to keep the market balance. This looks feasible under the current outlook.

The current strong increase in WMP production, +13% to date (April), is partly explained by the comparison to a low level of production in 2015 until April, when quotas were still in force. For the whole year, a 3% increase in production is expected, driven mainly by domestic demand.

Strong milk, butter and cheese exports

In the fresh dairy market (including UHT milk), production could stabilise in 2016 because the declining trend in consumption is compensated by strong exports, expected 30% above last year. Similar developments are expected in 2017, though with possibly lower export growth (+15%). This growth in exports is driven by Chinese demand for UHT milk, whose imports almost doubled. The EU supplied close to 70% of these imports over the first four months of the year. During this period, China absorbed more than 40% of EU exports. In 2012, this share was below 12%. Exports grew also very strongly to Belarus, from almost nothing in previous years to 12% of EU exports in 2016. Belarus imports milk in bulk though.

The orientation of consumers towards more butter and cheese in their diet is confirmed in Europe and globally, especially in the US. It explains notably the 50% rise in US butter imports over the first four months of the year and the rather low level of exports. By contrast, EU exports increased by 33% over the same period, especially to Middle East, the US, Morocco and Japan. Therefore, EU butter prices remained well above intervention price level.

In 2016, total butter production is expected to increase further by more than 3%. Exports of butter and butter oil should increase by close to 30% for the second year in a row and reach 230 000 tonnes. Imports (excluding inward processing) should remain very low and like last year the possibility, notably for New Zealand, to export to the EU at lower tariffs will not be entirely used. *Per capita* consumption should continue its 2% annual growth, while private stocks could slightly decline at the end of the year. In 2017, the butter market is likely to follow similar trends, but at a slower pace.

In 2016, cheese production is expected to grow by 1.6%, driven by strong exports (+9%) and sustained domestic consumption (+1.2%). The increase of exports especially to Japan, South Korea and Saudi Arabia is so strong, +14% to date (April), that total 2016 exports are likely to equal pre-Russian ban levels (when Russia used to absorb 30% of EU exports). In 2017, a further 1.2% production increase could take place, mainly driven by domestic use while exports growth could slow down to 2%.

4. MEAT

EU beef production feels the heat of the dairy sector

In 2016, EU beef gross production is expected to further increase by 2.4%, driven by higher slaughterings and very dynamic live exports.

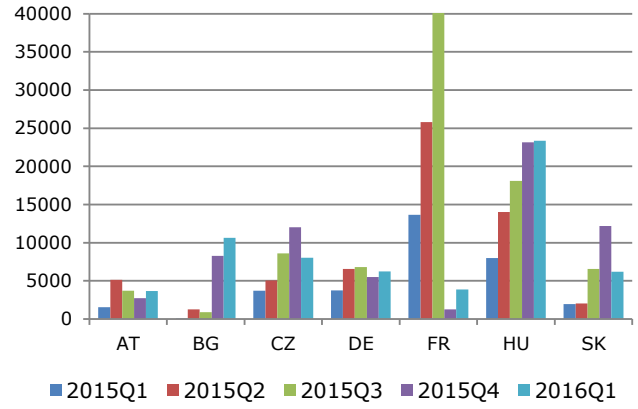
EU beef net production increased in the first four months of 2016 by 2% year-on-year, especially in the EU-N13 (+13%). In the EU-15, the consequences of the strong 2015 increase in cow herd, by almost 400 000 heads, is not expected to lead to significantly higher slaughterings before the end of 2016, (over the first four months of this year slaughterings increased by only 0.9%). The increase in the EU-N13 comes mainly from cow and bull slaughterings. In the EU-15, the increase in cow (+4%) and heifer (+1.5%) slaughterings is tempered by a decrease in bull slaughterings of almost 2%. Cow slaughterings in Germany, the Netherlands, Denmark, Slovakia and Cyprus were declining in 2015 compared to 2014 but reversed in the first four months of 2016. On the other hand, January-April cow slaughterings in Ireland remained below last year, despite the increase in April slaughterings compared to last year.. Restructuring of milk production systems and culling of surplus cows and heifers seem to start spreading as well to countries where a recapitalisation of the dairy herd was observed previously due to the continued low milk prices. This will result in extra slaughterings in many Member States during the second half of 2016. Moreover, some additional beef can be expected on the market due to the culling of suckler cows in France. Overall, an increase of 2.2% in EU beef production is foreseen in 2016, followed by a further slight increase in 2017.

EU live bovine exports still on the rise

EU exports of live bovine animals continue to do very well thanks to sustained demand in the Mediterranean region. During the first quarter of 2016, live exports increased by 30% compared to already high 2015 levels. Live trade is still focussed on countries around the Mediterranean. Turkey (100 000 heads) and Lebanon (45 000 heads) remained the two most important destinations of live bovine animals in the first four months of 2016 and represented together almost 50% of total live trade. The biggest EU supplier to Turkey was Hungary, which exported already more than 33 000 heads over the same period. Israel took over Libya's position as EUs' third destination.

The 2015 outbreak of bluetongue in France continues and impedes France to benefit from these market opportunities. Thirteen new cases were reported during the period of half May to half June 2016, bringing the total to 285. A negative impact on French live exports was observed since the last quarter of 2015 (see graph 18). Live exports to Turkey are also facing increased competition from Uruguay and Brazil. Beef prices in Turkey are still relatively high, because the development of Turkish production capacity takes time and demand is strong. Therefore, EU live bovine exports are expected to further increase by 12% in 2016 and to stabilise at this high level in 2017, reaching almost 200 000 tonnes c.w.e. (above 2013-2014 levels).

Graph 18 Exports of live cattle to Turkey (heads)



Source: DG Agriculture and Rural Development, based on Eurostat

To date (April), beef meat exports increased by 10%. Turkey accorded last year a TRQ to the EU for the imports of meat but an extension of the TRQ in 2016 (by 20 000 tonnes) is still under negotiation between the Turkish authorities and the European Commission. In this outlook, it is assumed that this TRQ is not extended in 2016 nor in 2017. Many bilateral initiatives to open up (new) agricultural markets have been undertaken or are still ongoing, which could even increase further prospects for EU exports in the near future. As an example, beef exports to the US, a niche market for the EU, are taking off slowly. Currently the increase in meat exports is estimated at 9% for 2016.

In 2015, EU beef imports declined by close to 3% as other markets outside the EU remained more attractive destinations. On the other hand, the first four months of 2016 showed an increase of almost 5% year-on-year. Imports from Brazil increased the most, a first indication of their improved competitiveness and lower internal demand, leaving more beef available for exports. Paraguay continues its increasing trend since half 2015, while imports from the US declined compared to last year. Contrary to what was expected, imports from Australia increased slightly, despite the destocking of the Australian cow herd and the recent free trade agreement (FTA) concluded between Australia and China.

Imports from Argentina have increased by 4% at the beginning of 2016, which is less than expected and could indicate that the Argentinean beef sector is trying to recapitalise after years of decline. Overall,

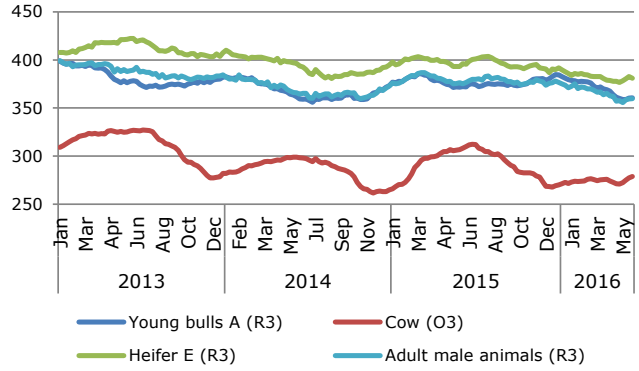
EU imports are expected to increase by 4% in 2016 and a further 2% in 2017.

Restructuring in dairy sector hits beef price

After a relative stability in 2015, despite the increase in production, EU prices for young bulls, heifers and adult male cattle started to follow a decreasing trend since the beginning of 2016. The cow price (O3) followed a characteristic seasonal path in 2015, with a peak around summer. Since the beginning of 2016, cow prices remain at a relatively low level between 270 and 275 EUR/t, 5-10% below last year, without any sign that a summer peak would be reached this year. Continued low cow prices and restructuring in the dairy sector start to have a certain impact on prices of all categories. However, world demand is expected to remain strong and support EU beef prices, driven by US and Asian consumers, regardless of China's economic slowdown. World prices might fluctuate though because of supply uncertainty in Brazil, Argentina and Australia: will these major exporters re-capitalise their cattle herd or increase beef meat exports?

In contrast to previous years, the increase in supply led to a recovery in EU consumption of close to 2% in 2015, reaching 10.7 kg/capita (in retail weight). A further 1.7% growth is expected in 2016.

Graph 19 EU price by category (EUR/100 kg)



Source: DG Agriculture and Rural Development

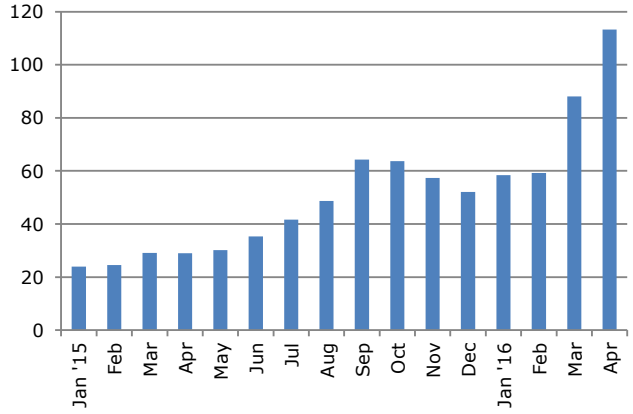
Towards a stabilisation of EU pork production in 2016

Although the December 2015 livestock survey announced a decline in the EU reproductive pig herd of 1.7%, total pigmeat production increased by 1% in the first quarter of 2016. In line with herd developments, Germany, Denmark, the Netherlands, Austria, Hungary, Romania and Belgium recorded a decrease in production in the first quarter of 2016. Other Member States, like the UK, Spain, Portugal, France and Italy, were still increasing production in the first quarter of 2016 despite the low pigmeat prices in 2015. Poland witnessed a very important reduction in the sow herd of almost 15%, but was still able to increase net production thanks to live imports of piglets and pigs. These diverging trends are the result of different strategies and economic behaviour between Member States. As changes in the reproductive herd affect production with delays of several months, EU pig production is expected to slow down further in the second half of the year. As a consequence, EU pigmeat production in 2016 is expected to stabilise at around 23.4 million tonnes, despite the positive feedback from export markets and a first glimpse of price recovery.

EU pork exports at record level

In 2016, EU pigmeat exports are expected to reach a record level at 2.4 million tonnes (+18% on annual basis) thanks to the boost in exports to China (see graph 20). The current negotiations for access to other markets closed due to SPS reasons could even further improve the export situation.

Graph 20 EU pigmeat exports to China (1000 t)



Source: DG Agriculture and Rural Development, based on Eurostat

Strong import demand from China due to the restructuring of its domestic pigmeat sector explains the increasing EU pigmeat exports in the first four months of 2016 (+40%). EU pigmeat exports to China reached more than 100 000 tonnes in April and represented now almost 40% of total exports. The exports of offal to China showed a similar trend, increasing by 40% year-on-year. According to the Chinese Agricultural Outlook the import demand for pigmeat is projected to continue over the medium term (900 000 tonnes by 2025). 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 cake, with 29%, 23% and 16% respectively, during the first four months of 2016. Only Poland cannot export to China due to African Swine Fever status (ASF). The euro/yuan exchange rate and the consequences of the economic slowdown on Chinese consumer demand and its meat sector could influence downwards EU exports in the future.

Other important increases were noted in shipments destined to the Philippines, Ukraine, Hong Kong and the US. The recovery of the US market share on the

international scene after the 2014 PEDv[7] crisis seems to take more time than expected. US exports are lower in the first quarter of 2016 than last year, which explains why the EU exports to Japan are better off than expected.

In this outlook, the Russian import ban introduced in August 2014 is expected to be maintained. Anyhow, because of the development of the Russian pork production, the sluggish economic situation and the arrival on the market of other suppliers, EU exports towards Russia would not be expected to resume completely even if the import ban were to be lifted. Although the official WTO ruling on the sanitary ban was notified to the EC in April 2016, the WTO's Dispute Settlement Body still needs to approve it before the report will be made public (probably in September). In the meantime, the assumption that the sanitary ban will remain in place for 2016 and 2017 is retained, blocking almost all exports to Russia.

EU pigmeat prices on the rise

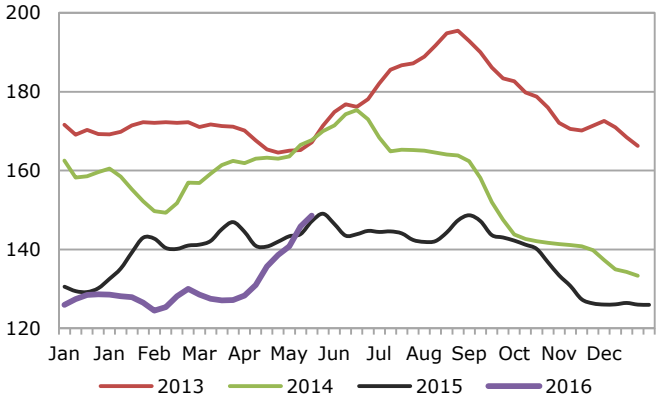
Contrary to 2015, EU pigmeat prices in 2016 seem to follow again their seasonal price increase during summer (see graph 21). After a flat start at the beginning of 2016, prices have been going up steadily since the end of April 2016, closely following the price development of the US and Canada. EU pigmeat prices went above the 2015 price level by half May and reached 150 EUR/100kg in mid-June. This price increase is also due to the surge in exports to China, giving some relief to the EU market, and to the tighter balance between EU supply and demand.

After some recovery of its average weekly level in the beginning of January 2016, the piglet price stabilised around 40 EUR between February and the end of May, followed by a slight rise beginning of June, contrary to the seasonal trend.

From the 90 000 tonnes offered to the private storage aided scheme opened in January 2016, only 2 000 tonnes remain in stocks by end of May. Due to the favourable market situation, the impact of destocking on prices was very limited.

EU consumption of pigmeat reached 32.5 kg *per capita* in 2015, almost 1 kg up compared to 2014. Following the very favourable prospects of EU exports and higher prices, the level of *per capita* consumption is expected to decrease in 2016 by 1.6%, and stabilise in 2017, more or less in line with the trend over the last ten years.

Graph 21 EU pigmeat prices, class E (EUR/100 kg)



Source: DG Agriculture and Rural Development

Expansion of EU poultry meat production but at which price?

In 2015, the increase in poultry meat production reached 3.8% compared to 2014, at 13.8 million tonnes. Poland was 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). Despite lower broiler prices in 2016, poultry production expanded further during the first quarter 2016 and even more than the same period in 2015, which recorded already very high levels. Poland (+16%), Spain (+5%), Italy (+6%), the Netherlands (+5%) and the UK (+3%) all saw their production increasing. Only France was stagnating, but this could be reversed in the second half of the year as bird restocking has started since half May in the aftermath of the outbreak of avian influenza. At EU level, growth is expected to continue in 2016 and 2017 as well, but at a slower pace compared to 2015. Consumption in the EU is reaching a more mature level and increased competition on the world market limits further development of exports, putting pressure on prices. Except for Germany, all other major poultry producers are expected to increase production, Poland taking the lead.

Lower EU prices allow for increased poultry exports in a highly competitive market

In 2016, EU export growth is expected to reach 6% compared to 2015, despite the strong Brazilian competition, and stagnate in 2017. During the first four months of 2016, EU poultry meat exports increased by 8%. The bigger export increases were recorded for South Africa, the Philippines, Hong Kong and Ukraine. Exports to Benin declined drastically due to concerns over the access of EU re-exports to Nigeria. While the UK, the Netherlands and Germany lost exports to South Africa due to anti-dumping duties imposed by the South African authorities. Belgium, Spain, France and other Member States took over their share. Though, the EU might be losing market share in South Africa to the benefit of the US and Brazil. Moreover, the US started to use its annual TRQ of 65 000 tonnes of bone-in chicken pieces since

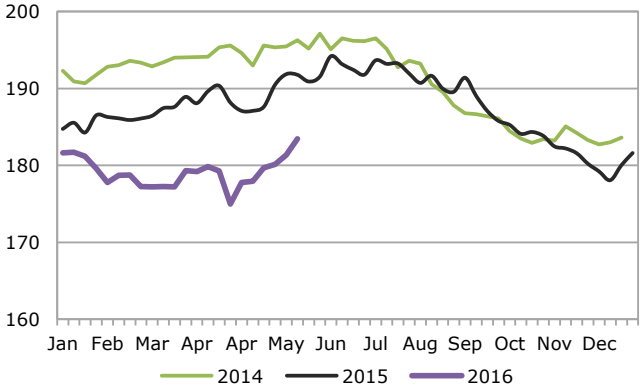
[7] Porcine Epidemic Diarrhea Virus

February 2016, still paying the MFN rate but not the anti-dumping duties.

Over the same period, Brazilian meat exports to the world market increased by 27% year-on-year, and therefore continues putting downward pressure on world prices and increasing competition on the international poultry market. US poultry exports are lagging behind (-4%) also due to the strong US dollar.

EU poultry meat imports increased by 6% in the first four months of 2016, mainly due to an increase in imports from Brazil. Thailand, Chile, China and Ukraine complete the poultry import picture.

Graph 22 EU poultry prices (EUR/100 kg carcass)



Source: DG Agriculture and Rural Development

After the seasonal price drop in the last quarter of 2015, prices stayed below 180 EUR/100kg for several months. Starting from May 2016, poultry prices climbed above 180 EUR but they are still 4-5% below last year.

EU *per capita* consumption increased in 2015 to 22.9 kg. It is expected to increase even further in 2016 and 2017 but at a slower pace. For the first time since years, poultry consumption will not increase the most. Beef consumption instead will grow faster.

EU sheep meat production continues its surge in 2016…

The December 2015 EU livestock survey recorded an increase in the number of ewes put to the ram of almost 900 000 heads (+1.4%) on a total increase of the sheep flock of more than 2 million heads (+2.6%) compared to 2014. The flock increase was mainly coming from Spain (+1 million heads), the UK (+960 000 heads) and Romania (+550 000 heads), while other countries like France and Greece showed a decline.

In 2015, EU net production[8] of sheep meat increased by more than 4% while goat meat reported a 3% increase after years of decline. The biggest increase in sheep slaughterings was recorded in Romania (+60%), following the enormous increase of the sheep flock between 2012 and 2014. Since this change is mainly reported in on-farm slaughterings, these numbers should be taken with caution. Without Romania, the EU registered a 1.5% increase in net production only. EU sheep meat production increased by 4% in the first quarter of 2016 but little indications can be drawn from this change. In 2016, the date of Easter fell in March, while it was in April last year. These religious slaughterings represent such an important part of the yearly total, that a longer data period is needed to give an indication on the trend. Despite the increasing flock size, the UK did not increase production in the first quarter of 2016; this might indicate a continuing restocking. Overall, EU net production of sheep and goat meat is expected to increase by 2% in 2016 and stabilise in 2017.

In the first four months of 2016, sheep meat imports increased by 5% year-on-year. New Zealand represented almost 90% of these imports, increasing its market share by 7 percentage points. The UK received more than half of these imports, followed by the Netherlands and Germany. Second exporter to the EU is Australia, representing 8% of EU imports. Since the lamb crop in New Zealand was less than expected, EU imports are expected to slow down, yet still 2% above last year in 2016. EU meat exports to Hong Kong are not recovering since their decline started at the end of 2014, and are now mainly concentrated around the Mediterranean. A further drop of 2% is projected in 2016 compared to last year, slightly improving after a -17% start in the first months of 2016. EU live exports on the contrary are doing relatively well, but have almost exclusively Libya and Jordan as destination. After two good years, live exports during the first four months are increasing by almost 35%, to a level similar as in 2014.

… despite lowering prices

While heavy lamb carcass prices were still between their 2014 and 2015 level from January until March 2016, they started to decline since, even below the 2011-2013 average price, anticipating the seasonal price drop by one month. A similar movement can be observed for light lamb carcass prices in the beginning of 2016. After following the trend between 2014 and 2015, they started to drop till 540 EUR/t by end of April and continued around that level till June, about 20 EUR below the average of the last years.

Consumption of sheep meat in the EU accounts for only 2.5% of total meat consumption or 1.9 kg *per capita*, and is expected to stay stable in 2016 and 2017.

[8] 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	23 277	23 388	24 418	24 310	24 105	-0.4	3.6	-0.8	1.3
Durum	2 598	2 392	2 295	2 458	2 594	7.1	-1.6	5.5	5.8
Rye	2 388	2 668	2 181	1 979	2 156	-9.2	-17.6	8.9	-4.8
Barley	12 502	12 710	12 434	12 179	12 542	-2.0	-1.7	3.0	1.4
Oats	2 666	2 666	2 546	2 526	2 608	-0.8	-5.6	3.2	-0.7
Maize	9 847	9 775	9 616	9 240	8 911	-3.9	-3.4	-3.6	-6.8
Triticale	2 530	2 749	2 965	3 151	2 777	6.3	16.1	-11.9	-0.1
Sorghum	119	145	158	147	146	-7.1	15.4	-0.2	6.8
Others	1 746	1 442	1 329	1 307	1 636	-1.7	-15.0	25.2	11.0
Cereals	**57 672**	**57 936**	**57 942**	**57 296**	**57 477**	**-1.1**	**-0.3**	**0.3**	**-0.3**
Rapeseed	6.208	6.711	6.714	6.465	6.439	-3,7	-3,9	-0,4	-2,9
Sunflower	4.313	4.719	4.263	4.175	4.086	-2,1	-3,5	-2,1	-5,6
Soybeans	435	466	568	859	810	51,3	91,3	-5,7	64,1
Linseed	74	74	60	69	64	15,0	-14,3	-6,7	-11,3
Oilseeds	**11.030**	**11.970**	**11.605**	**11.568**	**11.400**	**-0,3**	**0,0**	**-1,5**	**-1,9**
Field peas	512	444	501	724	714	44,5	29,9	-1,3	28,3
Broad beans	343	356	389	621	643	59,8	62,1	3,5	67,8
Lupines	84	95	118	256	177	116,9	150,9	-31,0	73,2
Protein crops	**938**	**895**	**1.008**	**1.601**	**1.534**	**58,9**	**54,9**	**-4,2**	**48,4**
Sugar beet	1 661	1 580	1 630	1 419	1 453	-12.9	-12.8	2.4	-10.3
Total	**71.302**	**72.381**	**72.184**	**71.885**	**71.863**	**-0,4**	**0,4**	**0,0**	**0,1**

*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	5.82	6.13	6.29	6.04	2.5	11.5	-3.8	3.7
Durum	3.24	3.38	3.34	3.49	3.43	4.3	5.3	-1.7	2.0
Rye	3.68	3.94	4.19	3.97	3.74	-5.2	11.1	-5.8	-3.2
Barley	4.40	4.81	4.88	5.02	5.02	2.9	11.1	-0.1	6.9
Oats	2.97	3.14	3.04	2.99	3.02	-1.7	0.2	1.0	0.6
Maize	6.08	6.86	8.10	6.30	7.34	-22.3	-12.1	16.6	6.1
Triticale	3.99	4.17	4.44	4.08	4.08	-8.1	1.7	-0.1	-0.1
Sorghum	4.17	5.01	5.89	5.19	5.43	-12.0	-4.5	4.7	1.8
Others	2.89	2.77	2.96	2.58	2.84	-12.7	-8.2	10.1	2.7
Cereals	**4.88**	**5.31**	**5.71**	**5.47**	**5.49**	**-4.3**	**6.2**	**0.5**	**3.5**
Rapeseed	3,10	3,13	3,61	3,34	3,24	-7,5	9,6	-3,1	1,5
Sunflower	1,67	2,01	2,17	1,87	2,09	-13,7	-3,7	11,7	7,2
Soybeans	2,21	2,61	3,23	2,65	2,73	-17,9	-3,5	2,8	1,7
Linseed	1,81	1,81	1,91	1,66	1,73	-13,3	-6,4	4,3	-2,4
Oilseeds	**2,50**	**2,66**	**3,06**	**2,75**	**2,78**	**-10,0**	**7,0**	**1,2**	**5,5**
Field peas	2,31	2,79	2,63	2,75	2,64	4,9	6,3	-4,3	2,1
Broad beans	2,95	2,86	3,17	3,13	2,93	-1,1	8,6	-6,4	-1,7
Lupines	1,54	1,61	1,77	1,41	1,58	-20,1	-9,0	12,1	4,2
Protein crops	**2,48**	**2,69**	**2,73**	**2,69**	**2,64**	**-1,8**	**2,3**	**-1,8**	**0,8**
Sugar beet	69.12	68.96	79.89	71.72	72.86	-10.2	0.5	1.6	0.8

Table 5.3 EU cereal, oilseed and protein crop gross 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	125 951	136 207	149 666	152 790	145 693	2.1	16.0	-4.6	4.8
Durum	8 411	8 097	7 676	8 578	8 901	11.7	3.3	3.8	7.2
Rye	8 789	10 521	9 138	7 866	8 072	-13.9	-8.2	2.6	-6.1
Barley	55 008	61 101	60 700	61 170	62 946	0.8	8.7	2.9	6.8
Oats	7 927	8 370	7 741	7 552	7 875	-2.4	-3.9	4.3	0.2
Maize	59 820	67 037	77 917	58 210	65 434	-25.3	-11.6	12.4	-0.6
Triticale	10 101	11 466	13 175	12 863	11 324	-2.4	19.3	-12.0	-1.4
Sorghum	496	728	929	760	795	-18.2	12.7	4.6	10.0
Others	5 039	3 987	3 932	3 372	4 651	-14.2	-19.6	37.9	13.4
Cereals	**281 542**	**307 513**	**330 874**	**313 161**	**315 690**	**-5.4**	**6.6**	**0.8**	**3.7**
Rapeseed	19.268	20.979	24.266	21.604	20.847	-11,0	6,5	-3,5	1,1
Sunflower	7.202	9.505	9.243	7.812	8.544	-15,5	-6,6	9,4	-0,3
Soybeans	960	1.216	1.835	2.279	2.209	24,2	86,1	-3,1	54,4
Linseed	134	134	114	114	111	-0,3	-19,5	-2,7	-13,1
Oilseeds	**27.564**	**31.835**	**35.459**	**31.809**	**31.711**	**-10,3**	**5,9**	**-0,3**	**2,4**
Field peas	1.183	1.239	1.315	1.993	1.882	51,5	45,7	-5,6	37,5
Broad beans	1.011	1.020	1.232	1.947	1.886	58,0	71,7	-3,1	66,3
Lupines	129	153	209	362	280	73,2	129,9	-22,6	70,7
Protein crops	**2.322**	**2.411**	**2.756**	**4.302**	**4.048**	**56,1**	**61,3**	**-5,9**	**51,8**
Sugar beet	114 830	108 979	130 182	101 773	105 844	-21.8	-12.5	4.0	-9.0

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	38.3	28.8	35.0	45.2	42.9	-5.0
Gross production	*281.5*	*307.5*	*330.9*	*313.2*	*315.7*	-5.7
Usable production	276.2	304.7	327.9	310.3	312.8	0.8
Imports	16.9	19.2	15.6	20.7	17.4	-16.1
Availabilities	**331.4**	**352.7**	**378.5**	**376.1**	**373.0**	-0.8
Total domestic uses	268.8	272.0	279.5	282.7	283.1	0.1
- 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
o.w. bioethanol	*9.5*	*10.7*	*11.0*	*11.2*	*11.5*	2.7
- Animal feed	163.2	164.9	172.0	175.0	175.0	0.0
Losses (excl on-farm)	2.2	2.2	2.2	2.2	2.2	0.0
Exports	31.6	43.5	51.7	48.3	43.8	-9.3
Total uses	**302.6**	**317.7**	**333.3**	**333.2**	**329.1**	-1.2
End stocks	28.8	35.0	45.2	42.9	43.9	2.4
- Market	28.8	35.0	45.2	42.9	43.9	2.4
- Intervention	0.0	0.0	0.0	0.0	0.0	
Self-sufficiency rate %	**103**	**112**	**117**	**110**	**110**	

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)	15.3	4.9	1.7	16.4	1.1	0.2	1.9	1.4	0.1	**42.9**
Gross production	*145.7*	*62.9*	*8.9*	*65.4*	*8.1*	*0.8*	*7.9*	*11.3*	*4.7*	***315.7***
Usable production	144.6	62.4	8.8	65.2	7.9	0.7	7.8	11.1	4.4	**312.8**
Import[1]	3.5	0.2	2.0	11.3	0.1	0.1	0.0	0.0	0.1	**17.4**
Total availabilities	**163.3**	**67.5**	**12.5**	**92.9**	**9.1**	**1.0**	**9.7**	**12.5**	**4.6**	**373.0**
Total domestic use	121.2	49.4	8.7	73.6	7.9	0.9	6.5	11.2	3.6	**283.1**
- Human	48.0	0.4	8.1	5.0	3.0	0.2	1.2	0.1	0.0	**65.9**
- Seed	4.7	2.3	0.4	0.5	0.5	0.0	0.5	0.5	0.3	**9.6**
- Industrial	11.0	9.2	0.1	10.1	1.4	0.0	0.1	0.6	0.1	**32.6**
o.w. bioethanol	4.9	0.6	0.0	4.8	0.7	0.0	0.0	0.5	0.0	**11.5**
- Animal feed	57.5	37.6	0.1	58.0	3.0	0.7	4.8	10.1	3.2	**175.0**
Losses (excl on-farm)	0.9	0.4	0.0	0.6	0.1	0.0	0.1	0.1	0.0	**2.2**
Export[1]	29.0	10.2	1.3	2.9	0.2	0.0	0.2	0.0	0.0	**43.8**
Total use	**151.1**	**60.1**	**10.1**	**77.1**	**8.1**	**0.9**	**6.8**	**11.3**	**3.7**	**329.1**
End stocks (30.06.2017)	12.2	7.4	2.5	15.9	0.9	0.1	2.9	1.2	0.9	**43.9**
- Market	12.2	7.4	2.5	15.9	0.9	0.1	2.9	1.2	0.9	**43.9**
- Intervention	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Change in stocks	-3.1	2.5	0.8	-0.6	-0.2	-0.1	1.0	-0.2	0.8	**1.0**
Change in public stocks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Self-sufficiency rate %	119	126	101	89	100	79	119	99	121	**110**

[1] 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)	10.9	6.3	0.8	22.4	1.6	0.3	1.3	1.1	0.5	**45.2**
Gross production	*152.8*	*61.2*	*8.6*	*58.2*	*7.9*	*0.8*	*7.6*	*12.9*	*3.4*	***313.2***
Usable production	151.6	60.6	8.5	58.0	7.7	0.7	7.5	12.7	3.1	**310.3**
Import[1]	4.0	0.3	2.4	13.6	0.1	0.1	0.0	0.0	0.2	**20.7**
Total availabilities	**166.5**	**67.2**	**11.7**	**94.0**	**9.3**	**1.1**	**8.8**	**13.8**	**3.8**	**376.1**
Total domestic use	119.3	48.4	8.7	75.0	8.0	0.9	6.5	12.3	3.6	**282.7**
- Human	48.0	0.4	8.1	5.0	3.0	0.2	1.2	0.1	0.0	**65.8**
- Seed	4.7	2.3	0.4	0.5	0.5	0.0	0.5	0.5	0.3	**9.6**
- Industrial	10.6	9.3	0.1	10.0	1.5	0.0	0.1	0.6	0.1	**32.3**
o.w. bioethanol	4.5	0.7		4.7	0.8			0.5		**11.2**
- Animal feed	56.0	36.5	0.1	59.5	3.0	0.7	4.8	11.2	3.2	**175.0**
Losses (excl on-farm)	0.9	0.4	0.0	0.6	0.1	0.0	0.1	0.1	0.0	**2.2**
Export[1]	31.0	13.5	1.3	2.0	0.2	0.0	0.3	0.0	0.0	**48.3**
Total use	**151.2**	**62.3**	**10.0**	**77.6**	**8.2**	**0.9**	**6.8**	**12.4**	**3.7**	**333.2**
End stocks (30.06.2016)	15.3	4.9	1.7	16.4	1.1	0.2	1.9	1.4	0.1	**42.9**
- Market	15.3	4.9	1.7	16.4	1.1	0.2	1.9	1.4	0.1	**42.9**
- Intervention	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Change in stocks	4.4	-1.4	0.9	-6.0	-0.5	-0.1	0.6	0.2	-0.4	**-2.3**
Change in public stocks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Self-sufficiency rate %	127	125	98	77	96	75	115	103	86	**110**

[1] 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)	9.2	6.9	0.3	15.4	1.3	0.1	0.6	0.7	0.4	**35.0**
Gross production	*149.7*	*60.7*	*7.7*	*77.9*	*9.1*	*0.9*	*7.7*	*13.2*	*3.9*	***330.9***
Usable production	148.5	60.2	7.6	77.6	8.9	0.8	7.6	13.0	3.7	**327.9**
Import[1]	2.9	0.1	2.8	9.4	0.1	0.1	0.0	0.0	0.1	**15.6**
Total availabilities	**160.6**	**67.2**	**10.7**	**102.4**	**10.4**	**1.1**	**8.2**	**13.6**	**4.3**	**378.5**
Total domestic use	115.5	47.8	8.7	75.4	8.5	0.8	6.6	12.4	3.7	**279.5**
- Human	48.0	0.4	8.1	5.0	3.0	0.2	1.1	0.1	0.0	**65.7**
- Seed	4.7	2.3	0.4	0.5	0.5	0.0	0.5	0.5	0.3	**9.6**
- Industrial	10.5	9.3	0.1	10.0	1.5	0.0	0.1	0.6	0.1	**32.1**
o.w. bioethanol	4.4	0.7		4.7	0.8			0.5		**11.0**
- Animal feed	52.40000	35.9	0.1	60.0	3.5	0.6	4.9	11.3	3.3	**172.0**
Losses (excl on-farm)	0.9	0.4	0.0	0.6	0.1	0.0	0.1	0.1	0.0	**2.2**
Export[1]	33.3	12.7	1.2	4.0	0.2	0.0	0.2	0.0	0.0	**51.7**
Total use	**149.8**	**60.9**	**9.9**	**80.0**	**8.8**	**0.8**	**6.9**	**12.5**	**3.8**	**333.3**
End stocks (30.06.2013)	10.9	6.3	0.8	22.4	1.6	0.3	1.3	1.1	0.5	**45.2**
- Market	10.9	6.3	0.8	22.4	1.6	0.3	1.3	1.1	0.5	**45.2**
- Intervention	0.0	0.0		0.0						**0.0**
Change in stocks	1.6	-0.7	0.4	7.1	0.3	0.2	0.8	0.5	0.0	**10.2**
Change in public stocks	0.0	0.0		0.0						**0.0**
Self-sufficiency rate %	129	126	87	103	105	106	116	104	98	**117**

[1] 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.
Production	**27.4**	**31.7**	**35.3**	**31.7**	**31.6**	**-10.3**	**6.0**	**-0.3**	**2.5**
Rape	19.3	21.0	24.3	21.6	20.8	-11.0	6.5	-3.5	1.1
Soybean	1.0	1.2	1.8	2.3	2.2	24.2	86.1	-3.1	54.4
Sunflower	7.2	9.5	9.2	7.8	8.5	-15.5	-6.6	9.4	-0.3
Total domestic use	**44.1**	**47.8**	**48.8**	**47.4**	**47.0**	**-3.0**	**4.4**	**-0.7**	**1.3**
Rape	23.2	24.1	25.9	24.7	23.6	-4.7	5.2	-4.4	-1.6
of which crushing	22.3	23.4	25.1	23.9	22.9	-4.7	5.5	-4.3	-1.4
Soybean	13.7	14.6	14.0	14.7	15.2	5.4	5.5	3.0	7.6
of which crushing	12.4	13.2	12.6	13.3	13.7	5.7	5.6	3.0	7.5
Sunflower	7.2	9.1	8.9	7.9	8.2	-11.3	-1.9	4.1	-0.7
of which crushing	6.3	8.0	7.9	6.9	7.3	-12.3	-2.5	5.0	-0.6
Imports	**16.0**	**17.4**	**15.4**	**16.4**	**16.4**	**6.8**	**2.5**	**-0.2**	**1.5**
Rape	3.4	3.5	2.4	3.5	3.1	48.1	10.2	-10.8	-9.9
Soybean	12.4	13.5	12.8	12.6	12.9	-1.4	-1.3	2.9	2.9
Sunflower	0.2	0.3	0.3	0.3	0.3	31.5	16.1	-6.9	9.4
Exports	**0.6**	**1.1**	**1.3**	**0.8**	**1.1**	**-34.9**	**-9.8**	**28.1**	**14.8**
Rape	0.1	0.3	0.6	0.3	0.4	-44.7	49.1	23.4	57.4
Soybean	0.1	0.1	0.1	0.2	0.1	52.7	120.3	-34.7	27.1
Sunflower	0.4	0.7	0.6	0.3	0.5	-42.6	-43.4	66.5	-1.4
End stocks	**2.4**	**2.6**	**3.2**	**3.1**	**2.9**	**-3.2**	**0.0**	**-4.4**	**0.0**
Rape	0.9	1.0	1.1	1.1	1.0	4.8	-4.3	-6.1	0.0
Soybean	0.9	0.9	1.4	1.4	1.2	-3.6	15.7	-9.9	2.8
Sunflower	0.7	0.7	0.7	0.6	0.7	-14.3	-14.3	11.1	-2.4
Self-suff. rate %	**62**	**66**	**72**	**67**	**67**				

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.
Production	**25.9**	**28.2**	**28.6**	**27.9**	**27.9**	**-2.2**	**4.4**	**-0.3**	**1.8**
Rape	12.7	13.4	14.3	13.6	13.0	-4.7	5.5	-4.3	-1.4
Soybean	9.8	10.4	9.9	10.5	10.8	5.7	5.6	3.0	7.5
Sunflower	3.4	4.4	4.3	3.8	4.0	-12.3	-2.5	5.0	-0.6
Total domestic use	**46.0**	**49.6**	**49.5**	**50.6**	**49.5**	**2.3**	**2.5**	**-2.3**	**0.1**
Rape	12.8	13.4	14.3	13.7	13.1	-4.7	5.2	-4.1	-1.6
Soybean	26.1	28.8	27.8	30.4	29.5	9.1	5.5	-2.9	2.5
Sunflower	7.1	7.4	7.3	6.6	6.9	-9.8	-8.2	4.7	-3.9
Imports	**21.1**	**22.1**	**22.0**	**23.7**	**22.6**	**7.8**	**3.9**	**-4.7**	**0.0**
Rape	0.4	0.5	0.5	0.5	0.5	6.8	30.5	-3.9	5.1
Soybean	17.0	18.5	18.3	20.2	19.0	10.3	4.1	-5.9	0.0
Sunflower	3.7	3.1	3.2	3.0	3.1	-6.1	-6.3	3.0	-3.5
Exports	**1.1**	**0.9**	**1.0**	**1.0**	**1.0**	**-2.0**	**-0.5**	**-3.6**	**-6.6**
Rape	0.3	0.4	0.4	0.5	0.4	9.2	47.8	-9.5	15.8
Soybean	0.7	0.3	0.3	0.3	0.3	-13.3	-47.6	11.1	-31.7
Sunflower	0.1	0.2	0.3	0.3	0.2	-5.6	85.1	-8.8	24.4
End stocks	**0.6**	**0.5**	**0.5**	**0.5**	**0.5**	**0.0**	**-3.2**	**-3.3**	**-6.5**
Rape	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Soybean	0.5	0.3	0.4	0.4	0.3	0.0	-4.5	-4.8	-9.1
Sunflower	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Self-suff. rate %	**56**	**57**	**58**	**55**	**56**				

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.
Production	**14.2**	**15.6**	**16.1**	**15.4**	**15.2**	**-4.6**	**4.5**	**-1.3**	**0.6**
Rape	9.1	9.6	10.3	9.8	9.4	-4.7	5.5	-4.3	-1.4
Soybean	2.5	2.6	2.5	2.7	2.7	5.7	5.6	3.0	7.5
Sunflower	2.6	3.4	3.3	2.9	3.0	-12.3	-2.5	5.0	-0.6
Palm	0.0	0.0	0.0	0.0	0.0				
Total domestic use	**20.0**	**22.0**	**22.6**	**22.0**	**21.7**	**-2.5**	**5.1**	**-1.3**	**1.1**
Rape	8.9	9.4	10.2	9.6	9.3	-5.6	3.0	-4.0	-2.0
Soybean	1.7	2.1	1.9	2.0	2.1	8.5	-3.7	6.2	7.0
Sunflower	3.5	3.8	3.9	3.6	3.6	-8.7	-2.1	0.5	-2.6
Palm	6.0	6.7	6.6	6.8	6.7	3.1	14.9	-0.6	5.3
Imports	**7.6**	**8.4**	**8.3**	**8.5**	**8.4**	**1.7**	**8.8**	**-0.9**	**3.5**
Rape	0.2	0.3	0.3	0.2	0.3	-9.0	-32.1	11.6	0.0
Soybean	0.3	0.3	0.3	0.3	0.3	14.7	-19.5	-0.7	0.0
Sunflower	1.1	0.9	1.0	1.0	1.0	4.0	11.5	-6.5	-0.6
Palm	6.1	6.9	6.8	6.9	6.9	1.3	13.3	-0.6	4.2
Exports	**1.8**	**1.6**	**1.9**	**1.9**	**1.8**	**0.0**	**18.8**	**-4.3**	**0.3**
Rape	0.5	0.3	0.4	0.4	0.4	19.4	42.9	-14.7	0.0
Soybean	1.0	0.8	0.9	1.0	0.9	2.7	21.1	-5.1	0.0
Sunflower	0.2	0.3	0.4	0.4	0.4	-11.9	46.9	1.5	21.5
Palm	0.1	0.1	0.2	0.1	0.1	-28.2	-31.8	23.1	-5.2
End stocks	**1.2**	**1.6**	**1.6**	**1.5**	**1.5**	**-3.2**	**14.1**	**2.2**	**8.9**
Rape	0.4	0.6	0.6	0.6	0.6	-4.2	19.0	4.3	14.3
Soybean	0.2	0.2	0.2	0.2	0.2	0.0	18.0	0.0	5.0
Sunflower	0.3	0.3	0.3	0.3	0.3	-9.1	-3.2	13.3	9.7
Palm	0.4	0.4	0.5	0.5	0.5	0.0	22.4	-5.0	7.5
Self-suff. rate %	**71**	**71**	**71**	**70**	**70**				

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	2016/201717f	vs. 15/16
Beginning stocks	2.4	3.2	2.6	3.9	1.2	-68.3%
White sugar production	17.4	16.7	19.5	14.9	16.3	9.7%
Imports	3.9	3.7	2.9	2.9	3.5	22.8%
Availabilities	**23.6**	**23.6**	**25.0**	**21.7**	**21.1**	-2.7%
Total domestic uses white sugar	18.9	19.5	19.6	19.0	19.2	1.3%
- Human	16.6	17.5	17.0	16.8	17.0	0.9%
- Industrial	2.3	2.0	2.6	2.2	2.2	3.9%
o.w. bioethanol	*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%
Total uses	**20.5**	**21.0**	**21.0**	**20.4**	**20.6**	1.1%
End stocks	3.2	2.6	3.9	1.2	0.4	-65.0%
- Market	3.2	2.6	3.9	1.2	0.4	-65.0%
- Intervention	0.0	0.0	0.0	0.0	0.0	
Self-sufficiency rate %	92%	86%	99%	78%	85%	8.4%
Sugar beet production	113.9	109.0	130.2	101.8	106.8	4.9%

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
Dairy cows (million heads)[1]	**23.0**	**23.3**	**23.3**	**23.4**	**23.2**	**22.9**	***0.9***	***0.3***	***0.4***	***-1.1***	***-1.3***
of which EU-15	17.6	17.8	17.9	18.2	18.1	18.0	*1.5*	*0.7*	*1.4*	*-0.5*	*-0.8*
of which EU-N13	5.5	5.4	5.4	5.2	5.1	4.9	*-0.9*	*-1.0*	*-3.1*	*-3.0*	*-3.0*
Milk yield (kg/dairy cow)[2]	**6 470**	**6 483**	**6 741**	**6 876**	**7 042**	**7 161**	***0.2***	***4.0***	***2.0***	***2.4***	***1.7***
of which EU-15	7 057	7 040	7 278	7 368	7 499	7 592	*-0.2*	*3.4*	*1.2*	*1.8*	*1.2*
of which EU-N13	4 594	4 660	4 951	5 163	5 407	5 582	*1.4*	*6.2*	*4.3*	*4.7*	*3.2*
Milk production (million t)	**152.1**	**153.8**	**159.8**	**163.6**	**165.7**	**166.3**	***1.1***	***3.9***	***2.4***	***1.3***	***0.4***
of which EU-15	124.1	125.7	130.8	134.3	136.0	136.5	*1.3*	*4.1*	*2.6*	*1.3*	*0.4*
of which EU-N13	28.0	28.2	29.0	29.3	29.8	29.8	*0.4*	*3.1*	*1.0*	*1.5*	*0.0*
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*
Delivered to dairies (million t)	**140.6**	**141.6**	**147.9**	**151.6**	**153.8**	**154.5**	***0.7***	***4.4***	***2.5***	***1.4***	***0.5***
of which EU-15	120.6	121.7	126.9	130.3	131.9	132.4	*0.9*	*4.2*	*2.7*	*1.2*	*0.4*
of which EU-N13	20.0	19.9	21.0	21.4	21.9	22.1	*-0.7*	*5.8*	*1.8*	*2.4*	*1.0*
Delivery ratio (%)[3]	**92.4**	**92.1**	**92.5**	**92.7**	**92.8**	**92.9**	***-0.4***	***0.5***	***0.2***	***0.1***	***0.1***
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	73.6	74.3	*-1.2*	*2.6*	*0.8*	*0.9*	*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*

[1] Dairy cow numbers refer to the end of the year (historical figures from the December cattle survey).
[2] Milk yield is dairy cow production per dairy cows (dairy cows represent around 99.7% of EU total production).
[3] Delivery ratio is milk delivered to dairies per total production.

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

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
Production	**46 708**	**46 775**	**46 481**	**46 470**	**46 429**	**46 514**	***0.1***	***-0.6***	***0.0***	***-0.1***	***0.2***
of which Drinking Milk	31 751	31 767	31 404	30 994	30 901	30 839	*0.0*	*-1.1*	*-1.3*	*-0.3*	*-0.2*
of which Cream	2 508	2 575	2 624	2 713	2 659	2 739	*2.7*	*1.9*	*3.4*	*-2.0*	*3.0*
of which Acidified Milk	8 130	8 076	7 969	8 060	8 141	8 141	*-0.7*	*-1.3*	*1.1*	*1.0*	*0.0*
of which Other Fresh Products[2]	4 318	4 356	4 485	4 703	4 728	4 795	*0.9*	*2.9*	*4.9*	*0.5*	*1.4*
of which EU-15	40 427	40 384	40 069	39 875	39 635	39 517	*-0.1*	*-0.8*	*-0.5*	*-0.6*	*-0.3*
of which EU-N13	6 281	6 391	6 412	6 596	6 794	6 997	*1.7*	*0.3*	*2.9*	*3.0*	*3.0*
Imports (extra EU)	**42**	**28**	**16**	**9**	**10**	**10**	***-33***	***-45***	***-41***	***5***	***0***
Exports (extra EU)	**532**	**577**	**726**	**862**	**1 121**	**1 289**	***8.3***	***26***	***19***	***30***	***15***
Domestic use[1]	**46 217**	**46 226**	**45 770**	**45 617**	**45 318**	**45 234**	***0.0***	***-1.0***	***-0.3***	***-0.7***	***-0.2***
p.c. consumption (kg)	91.2	91.0	89.9	89.3	88.4	88.0	*-0.2*	*-1.2*	*-0.7*	*-1.0*	*-0.5*
Self-sufficiency rate (%)	**101**	**101**	**102**	**102**	**102**	**103**					

[1] Domestic use includes stock changes.
[2] Includes buttermilk, drinks with milk base and other fresh commodities.
Note: The figures on imports and exports are referring to total trade, i.e. including inward processing.

Table 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
Production (in dairies)	**9 280**	**9 011**	**9 212**	**9 463**	**9 615**	**9 734**	***-2.9***	***2.2***	***2.7***	***1.6***	***1.2***
of which from pure cow's milk	8 551	8 298	8 478	8 713	8 864	8 981	*-3.0*	*2.2*	*2.8*	*1.7*	*1.3*
of which from other milk[1]	730	713	734	750	752	753	*-2.3*	*3.0*	*2.2*	*0.2*	*0.2*
EU-15 (in dairies)	7 949	7 661	7 843	8 043	8 155	8 231	*-3.6*	*2.4*	*2.6*	*1.4*	*0.9*
EU-N13 (in dairies)	1 331	1 350	1 370	1 419	1 461	1 503	*1.4*	*1.5*	*3.6*	*2.9*	*2.9*
Processed cheese impact[2]	326	358	350	339	344	350	*9.8*	*-2.4*	*-3.1*	*1.6*	*1.6*
Total production	**9 606**	**9 369**	**9 562**	**9 802**	**9 960**	**10 084**	***-2.5***	***2.1***	***2.5***	***1.6***	***1.2***
Imports (extra EU)[3]	**78**	**75**	**77**	**61**	**68**	**74**	***-4.4***	***2.5***	***-20***	***10.0***	***10.0***
Exports (extra EU)	**768**	**787**	**720**	**718**	**783**	**798**	***2.5***	***-8.5***	***-0.2***	***9.0***	***2.0***
Total domestic use	**8 917**	**8 657**	**8 919**	**9 145**	**9 245**	**9 360**	***-2.9***	***3.0***	***2.5***	***1.1***	***1.2***
Stock changes	**0**	**0**	**45**	**25**	**- 20**	**- 50**					
Processing use	288	311	306	299	304	309	*8.2*	*-1.6*	*-2.5*	*1.8*	*1.8*
Human consumption	8 629	8 346	8 568	8 821	8 961	9 100	*-3.3*	*2.7*	*3.0*	*1.6*	*1.6*
of which EU-15	7 361	7 066	7 240	7 404	7 495	7 570	*-4.0*	*2.5*	*2.3*	*1.2*	*1.0*
of which EU-N13	1 269	1 280	1 328	1 418	1 466	1 530	*0.9*	*3.8*	*6.8*	*3.4*	*4.4*
p.c. consumption (kg)	17.0	16.4	16.8	17.3	17.5	17.7	*-3.5*	*2.4*	*2.6*	*1.2*	*1.3*
Self-sufficiency rate (%)	**108**	**108**	**107**	**107**	**108**	**108**					

[1] Other milk includes goat, ewe and buffalo milk.
[2] Processed cheese impact includes production and net exports of processed cheese.
[3] Imports and exports include processed cheese.

Table 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
Production	**671**	**756**	**778**	**746**	**768**	**776**	***12.7***	***2.9***	***-4.1***	***2.9***	***1.1***
of which EU-15	607	690	706	682	702	709	*13.6*	*2.4*	*-3.5*	*3.0*	*1.0*
of which EU-N13	64	67	72	64	66	67	*4.0*	*7.6*	*-10.0*	*2.0*	*2.0*
Imports	**3**	**3**	**1**	**4**	**4**	**4**	***27***	***-60***	***186***	***0.0***	***0.0***
Exports	**386**	**374**	**390**	**391**	**395**	**395**	***-3.0***	***4.1***	***0.5***	***1.0***	***0.0***
Domestic Use[1]	**288**	**385**	**390**	**359**	**376**	**385**	***33.8***	***1.1***	***-8.0***	***5.0***	***2.2***
Self-sufficiency rate (%)	**233**	**196**	**200**	**208**	**204**	**202**					

[1] 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
Production	**1 109**	**1 108**	**1 454**	**1 533**	**1 602**	**1 481**	***0.0***	***31***	***5.4***	***4.5***	***-7.6***
of which EU-15	953	958	1 232	1 320	1 379	1 269	*0.5*	*29*	*7.1*	*4.5*	*-8.0*
of which EU-N13	156	150	222	214	223	212	*-3.3*	*48*	*-3.7*	*4.5*	*-5.0*
Imports (extra EU)	**2**	**5**	**2**	**3**	**3**	**3**					
Exports (extra EU)	**520**	**407**	**648**	**685**	**661**	**760**	***-21.8***	***59.2***	***5.8***	***-3.5***	***15.0***
Domestic use	**677**	**697**	**719**	**712**	**705**	**724**	***2.9***	***3.2***	***-1.0***	***-0.9***	***2.7***
Ending stocks	**70**	**80**	**170**	**310**	**550**	**550**					
Private (industry)	70	80	170	270	120	120					
Public (intervention)	0	0	0	40	430	430					
Stock changes	- 87	10	90	140	240	0					
Self-sufficiency rate (%)	**164**	**159**	**202**	**215**	**227**	**204**					

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
Production	**2 167**	**2 127**	**2 256**	**2 359**	**2 434**	**2 475**	***-1.9***	***6.0***	***4.6***	***3.2***	***1.7***
of which EU-15	1 918	1 877	1 995	2 080	2 143	2 181	*-2.1*	*6.3*	*4.3*	*3.0*	*1.8*
of which EU-N13	250	250	261	279	291	294	*0.2*	*4.2*	*6.8*	*4.5*	*1.0*
Imports	**29**	**21**	**25**	**3**	**4**	**8**	***-28***	***23***	***-90***	***50***	***100***
Exports	**124**	**116**	**134**	**180**	**230**	**242**	***-6.2***	***16***	***34***	***28***	***5***
Domestic use	**2 052**	**2 037**	**2 117**	**2 171**	**2 227**	**2 261**	***-0.8***	***3.9***	***2.6***	***2.6***	***1.5***
p.c. consumption (kg)	4.0	4.0	4.2	4.3	4.3	4.4	*-0.9*	*3.7*	*2.2*	*2.2*	*1.2*
Ending stocks	100	95	125	135	115	100					
Private	100	95	125	135	115	100					
Public (intervention)	0	0	0	0	0	0					
Stock changes	20	- 5	30	10	- 20	- 20					
Self-sufficiency rate (%)	**106**	**104**	**107**	**109**	**109**	**109**					

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
Gross Indigenous Production	**44 048**	**43 592**	**44 429**	**45 998**	**46 517**	**46 902**	***-1.0***	***1.9***	***3.5***	***1.1***	***0.8***
Live Imports	1	1	2	2	2	2					
Live Exports	232	179	197	247	274	273	*-22.8*	*10.3*	*25.2*	*11.2*	*-0.7*
Net Production	**43 818**	**43 414**	**44 234**	**45 753**	**46 245**	**46 631**	***-0.9***	***1.9***	***3.4***	***1.1***	***0.8***
EU-15	36 725	36 368	36 728	37 697	37 894	38 042	*-1.0*	*1.0*	*2.6*	*0.5*	*0.4*
EU-N13	7 092	7 046	7 505	8 056	8 351	8 589	*-0.7*	*6.5*	*7.3*	*3.7*	*2.9*
Meat Imports	**1 326**	**1 310**	**1 331**	**1 364**	**1 433**	**1 459**	***-1.1***	***1.6***	***2.5***	***5.0***	***1.8***
Meat Exports	**3 691**	**3 687**	**3 496**	**3 652**	**4 124**	**4 152**	***-0.1***	***-5.2***	***4.4***	***12.9***	***0.7***
Consumption	**41 452**	**41 038**	**42 068**	**43 466**	**43 553**	**43 938**	***-1.0***	***2.5***	***3.3***	***0.2***	***0.9***
Population (mio)	507	507	509	510	512	513	*0.1*	*0.3*	*0.3*	*0.3*	*0.3*
***Per Capita* Consumption[1] (kg)**	**65.2**	**64.5**	**66.0**	**68.0**	**68.0**	**68.4**	***-1.0***	***2.3***	***3.0***	***-0.1***	***0.6***
Self-sufficiency rate %	**106**	**106**	**106**	**106**	**107**	**107**					

[1] In retail weight. Coefficients to transform carcass weight into retail weight are 0.7 for beef and veal meat, 0.78 for pigmeat and 0.88 for both poultry meat and sheep and goat meat.

Table 5.19 EU-28 beef/veal market balance (1000 tonnes carcass weight equivalent)

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
Gross Indigenous Production	**7 862**	**7 497**	**7 664**	**7 893**	**8 081**	**8 109**	***-4.6***	***2.2***	***3.0***	***2.4***	***0.4***
Live Imports	0	0	0	0	0	0					
Live Exports	159	109	114	178	199	195	*-31.6*	*5.3*	*55.6*	*12.0*	*-2.0*
Net Production	**7 703**	**7 388**	**7 549**	**7 715**	**7 882**	**7 914**	***-4.1***	***2.2***	***2.2***	***2.2***	***0.4***
EU-15	6 950	6 681	6 765	6 838	6 961	6 975	*-3.9*	*1.3*	*1.1*	*1.8*	*0.2*
EU-N13	753	707	784	877	921	939	*-6.1*	*10.9*	*11.8*	*5.0*	*2.0*
Meat Imports	**275**	**304**	**308**	**300**	**312**	**318**	***10.6***	***1.4***	***-2.6***	***4.0***	***2.0***
Meat Exports	**209**	**160**	**206**	**207**	**225**	**232**	***-23.2***	***28.3***	***0.5***	***9.0***	***3.0***
Consumption	**7 769**	**7 531**	**7 651**	**7 808**	**7 968**	**8 000**	***-3.1***	***1.6***	***2.0***	***2.1***	***0.4***
***Per Capita* Consumption[1] (kg)**	**10.7**	**10.4**	**10.5**	**10.7**	**10.9**	**10.9**	***-3.2***	***1.3***	***1.7***	***1.7***	***0.1***
Share in total meat cons. (%)	*18.7*	*18.4*	*18.2*	*18.0*	*18.3*	*18.2*					
Self-sufficiency rate (%)	**101**	**100**	**100**	**101**	**101**	**101**					

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

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

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
Gross Indigenous Production	**22 554**	**22 385**	**22 569**	**23 369**	**23 406**	**23 582**	***-0.8***	***0.8***	***3.5***	***0.2***	***0.8***
Live Imports	. 08	. 05	. 11	. 25	. 3	. 33					
Live Exports	36	26	36	21	22	22	*-27.3*	*36.2*	*-42.0*	*5.0*	*0.0*
Net Production	**22 519**	**22 359**	**22 534**	**23 349**	**23 384**	**23 561**	***-0.7***	***0.8***	***3.6***	***0.2***	***0.8***
EU-15	19 127	19 055	19 075	19 756	19 752	19 801	*-0.4*	*0.1*	*3.6*	*0.0*	*0.2*
EU-N13	3 391	3 304	3 459	3 593	3 633	3 760	*-2.6*	*4.7*	*3.9*	*1.1*	*3.5*
Meat Imports	**19**	**15**	**13**	**10**	**12**	**12**	***-20.6***	***-14.3***	***-21.2***	***12.0***	***-1.0***
Meat Exports	**2 151**	**2 198**	**1 909**	**2 074**	**2 448**	**2 497**	***2.1***	***-13.1***	***8.6***	***18.0***	***2.0***
Consumption	**20 387**	**20 177**	**20 638**	**21 285**	**20 948**	**21 076**	***-1.0***	***2.3***	***3.1***	***-1.6***	***0.6***
***Per Capita* Consumption[1] (kg)**	**31.4**	**31.0**	**31.7**	**32.5**	**31.9**	**32.0**	***-1.2***	***2.0***	***2.8***	***-1.9***	***0.3***
Share in total meat cons. (%)	*49.2*	*49.2*	*49.1*	*49.0*	*48.1*	*48.0*					
Self-sufficiency rate (%)	**111**	**111**	**109**	**110**	**112**	**112**					

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

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

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
Gross Indigenous Production	**12 703**	**12 792**	**13 280**	**13 779**	**14 049**	**14 224**	***0.7***	***3.8***	***3.8***	***2.0***	***1.2***
Live Imports	1	1	1	1	2	2					
Live Exports	10	10	11	10	10	10	*2.4*	*5.7*	*-3.3*	*-3.0*	*0.0*
Net Production	**12 694**	**12 783**	**13 270**	**13 770**	**14 041**	**14 215**	***0.7***	***3.8***	***3.8***	***2.0***	***1.2***
EU-15	9 833	9 829	10 092	10 298	10 367	10 450	*0.0*	*2.7*	*2.0*	*0.7*	*0.8*
EU-N13	2 862	2 954	3 178	3 472	3 674	3 766	*3.2*	*7.6*	*9.3*	*5.8*	*2.5*
Meat Imports	**841**	**791**	**821**	**852**	**903**	**921**	***-5.9***	***3.8***	***3.7***	***6.0***	***2.0***
Meat Exports	**1 306**	**1 293**	**1 350**	**1 351**	**1 432**	**1 403**	***-1.0***	***4.4***	***0.1***	***6.0***	***-2.0***
Consumption	**12 229**	**12 282**	**12 742**	**13 271**	**13 512**	**13 733**	***0.4***	***3.7***	***4.2***	***1.8***	***1.6***
***Per Capita* Consumption[1] (kg)**	**21.2**	**21.3**	**22.0**	**22.9**	**23.2**	**23.5**	***0.3***	***3.5***	***3.8***	***1.5***	***1.3***
Share in total meat cons. (%)	*29.5*	*29.9*	*30.3*	*30.5*	*31.0*	*31.3*					
Self-sufficiency rate (%)	**104**	**104**	**104**	**104**	**104**	**104**					

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

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

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
Gross Indigenous Production	**928**	**918**	**917**	**957**	**982**	**987**	***-1.2***	***-0.1***	***4.4***	***2.6***	***0.5***
Live Imports	0	0	0	0	0	0					
Live Exports	27	34	36	38	43	45	*26.1*	*7.7*	*3.4*	*15.0*	*5.0*
Net Production	**902**	**884**	**881**	**919**	**938**	**941**	***-2.0***	***-0.4***	***4.4***	***2.1***	***0.3***
of which on-farm slaughterings	141	124	128	150	148	147	*-11.9*	*3.3*	*17.0*	*-1.0*	*-1.0*
EU-15	815	803	796	806	815	816	*-1.5*	*-0.8*	*1.2*	*1.1*	*0.2*
EU-N13	86	81	84	114	123	125	*-6.4*	*4.4*	*34.6*	*8.8*	*1.0*
Meat Imports	**190**	**200**	**189**	**202**	**206**	**208**	***5.0***	***-5.6***	***7.2***	***2.0***	***1.0***
Meat Exports	**24**	**36**	**32**	**20**	**20**	**20**	***48.3***	***-11.6***	***-37.0***	***-2.0***	***3.0***
Consumption	**1 068**	**1 048**	**1 038**	**1 102**	**1 125**	**1 129**	***-1.9***	***-1.0***	***6.2***	***2.1***	***0.4***
***Per Capita* Consumption[1] (kg)**	**1.9**	**1.8**	**1.8**	**1.9**	**1.9**	**1.9**	***-2.0***	***-1.2***	***5.8***	***1.8***	***0.1***
Share in total meat cons. (%)	*2.6*	*2.6*	*2.5*	*2.5*	*2.6*	*2.6*					
Self-sufficiency rate (%)	**87**	**88**	**88**	**87**	**87**	**87**					

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

Table 5.23 Share of EU exportsby destination (%)

		Cereals	Soft wheat	Barley	Meat and live	Beef	Pork	Poultry	Sheep	Dairy products	Fresh milk	Butter	Cheese	SMP and WMP	Whey powder
China	**2005**	**3**	2	4	**1**	0	1	1	0	**6**	1	1	0	0	24
	2015	**8**	0	30	**14**	0	25	2	0	**12**	37	4	1	6	27
	Jan-April 2016	**1**	0	4	**23**	1	39	2	0	**13**	44	4	2	7	26
Other South East Asia	**2005**	**6**	2	10	**27**	0	46	9	1	**19**	5	10	11	15	36
	2015	**8**	7	10	**29**	7	42	17	7	**27**	9	17	18	22	45
	Jan-April 2016	**5**	4	9	**29**	8	37	21	6	**26**	9	16	19	22	44
North Africa	**2005**	**36**	49	12	**1**	11	0	0	9	**15**	2	24	7	23	3
	2015	**32**	42	8	**2**	13	0	0	42	**14**	7	13	11	21	5
	Jan-April 2016	**37**	42	23	**2**	15	0	0	31	**13**	5	19	11	18	5
Middle East	**2005**	**19**	9	38	**10**	14	1	20	39	**18**	16	33	15	22	5
	2015	**22**	19	31	**10**	25	2	16	33	**18**	5	31	18	23	6
	Jan-April 2016	**26**	20	45	**8**	26	1	14	46	**19**	5	30	20	25	6
NAFTA	**2005**	**2**	0	0	**3**	0	5	0	0	**5**	1	2	25	1	0
	2015	**2**	1	2	**3**	0	5	0	0	**6**	0	15	23	2	1
	Jan-April 2016	**2**	1	2	**3**	1	5	0	0	**5**	0	13	21	1	2
Other Africa	**2005**	**17**	26	7	**10**	4	3	21	10	**13**	21	4	1	24	3
	2015	**16**	21	7	**20**	7	5	45	8	**10**	19	6	3	14	4
	Jan-April 2016	**18**	23	8	**17**	7	4	44	7	**9**	11	5	3	14	3

Note: based on volumes exported

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[9]), 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[10]. 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.

[9] http://mars.jrc.ec.europa.eu/mars/About-us/AGRI4CAST/Crop-Monitoring-and-Yield-Forecasting

[10] 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[11].

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.

[11] 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.

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[12]. 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.

[12] 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.

Glossary

EU-15 includes EU Member States in 2003: Belgium, Denmark, Germany, Ireland, Greece, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal, Finland, Sweden and the United Kingdom.

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

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

EU-27 includes EU-15 plus EU-N12, i.e. the European Union between 2007 and 2013.

EU-28 includes EU-15 plus EU-N13, i.e. the European Union since 2013.

Data

Balance sheets for the EU and production figures at Member State level are available on Europa (http://ec.europa.eu/agriculture/markets-and-prices/short-term-outlook/index_en.htm)