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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 September 2016 have been used. Next issue will be published in Winter 2017.

Directorate-General for Agriculture and Rural Development – Short Term Outlook – N°16  
[http://ec.europa.eu/agriculture/markets-and-prices/index\\_en.htm](http://ec.europa.eu/agriculture/markets-and-prices/index_en.htm)

## HIGHLIGHTS

- The reduction in EU milk supply supports price recovery.
- World grain bumper crop, in spite of a lower EU cereal harvest, pressures grain prices.
- A second year of global sugar production deficit increases sugar prices.
- EU meat production and exports: toward a record year

Uncertainties and low non-agricultural commodity prices resulted in a stronger global economic slowdown in 2016 than expected; the situation is expected to improve in 2017.

Cereals and oilseeds are characterised by a combination of a global record production with weak EU production, particularly for wheat and maize. Ample global supply results in low cereal prices for the coming year, but oilseed prices hold due to increased world demand for meals. The last year of EU sugar production under quota is expected below 17 million tonnes, enough to assure availability on the market in the short term but putting pressure on the level of EU stocks at the end of campaign

EU milk supply growth slowed down and EU milk deliveries are expected below last year in the second half of 2016. Supported by sustained demand (domestic and worldwide), all dairy product prices are recovering. The milk price paid to farmers, still very low, is expected to increase in the autumn.

A surge in pigmeat exports to China allows for a recovery in EU price. By contrast, ample poultry supply pushes EU prices down. Continued good beef exports limit EU price decreases despite abundant slaughterings of dairy cows. Sheep meat production is increasing, despite lower prices.

This report is prepared for the EU-28, under constant policy assumptions, with the Russian import ban assumed to be in place until end 2017.

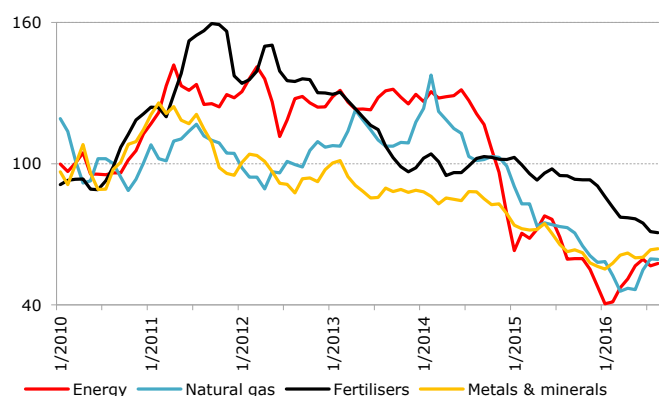
## 1. MACROECONOMIC OUTLOOK<sup>1</sup>

### Commodity prices start to improve after record lows in early 2016

The decreasing trend of most non-agricultural commodity prices came to a halt since February 2016. The Brent crude oil price reached 46 USD in August 2016, more than 50% above the January 2016 price level. Production disruptions during spring (e.g. the impact of wild fires in Canada and terrorist attacks in Nigeria) contributed to this increase, as well as the gradual slowdown of non-OPEC<sup>2</sup> countries supply. Short term projections for 2017 confirm the trend, ranging between 50 and 57 USD/bbl (IHS, IMF, EIA, World Bank), among other factors due to a slow recovery of US supply. According to EIA, higher electricity demand due to a hot summer and production declines have put some upward pressure on natural gas prices, which followed a similar pattern with oil prices. Metals and minerals prices declined strongly in 2015 because of weaker demand due to lower economic growth in emerging economies, but prices seem to stabilise since the beginning of 2016.

By contrast, the fertilisers' price index continues its decreasing trend throughout 2016, due to declining demand (lower crops prices), the existence of large stocks and a lag with respect to the evolution of energy prices (although, Nitrogen based fertilisers prices recently started to increase).

**Graph 1 Main non-agricultural commodity price indices (2010 = 100)**



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

### Another year of sluggish world economic growth

Projections for global world growth continue to be revised downwards since the beginning of 2016, with a slower than expected recovery, as if the world economy is on hold in this year of uncertainty. EU growth in 2016 should reach 1.8% according to IHS

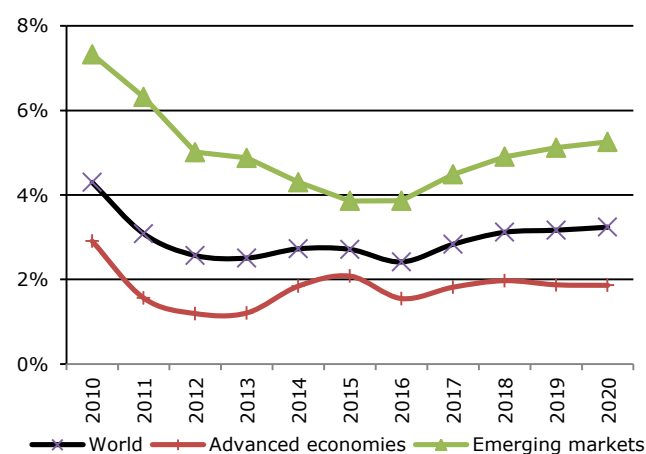
<sup>1</sup> Based on IHS (cut-off date 15<sup>th</sup> of September 2016), World Bank (Commodity Markets Outlook), US Energy Information Agency (EIA) Short Term Energy Outlook, International Monetary Fund (IMF) World Economic Outlook.

<sup>2</sup> Organization of the Petroleum Exporting Countries.

(1.6% for the Eurozone). Projections for EU economic growth have been downgraded since last May by 0.7 percentage points (pp) for 2017 (down to 1.3%). The situation is however contrasted between Member States: with a degradation of prospects in e.g. France, Ireland, the Netherlands or the UK and improved prospects in Hungary and Romania. In advanced economies, uncertainties weigh on the prospects for economic growth leading to weakened confidence and delayed investment plans.

In emerging economies, the economic slowdown of 2015 and 2016 weighs, despite the increase in commodity prices since the beginning of 2016. Some local situations and the weakness of structural reforms in several of these countries still weighs on the economic prospects, the worse of the recession in Brazil and Russia seems to be over. At the same time, economic growth prospects for South and East Asia, including India, or some Sub-Saharan African countries (e.g. Kenya) remain strong, while China continues its controlled slowdown, landing to a 6% annual growth rate.

**Graph 2 Annual economic growth (%)**



Source: DG Agricultural and Rural Development, based on IHS

### Stronger USD for the coming months

Since its low of 1.05 USD per EUR of December 2015, the euro oscillated between 1.08 and 1.14, with a slight tendency to appreciate. In the medium-term, the deteriorating US trade deficit should result in a lower US dollar compared to the currencies of US major trade partners, including the EU. However, short-term expectations on US Federal Reserve interest rates policy for 2016 might lead to capital flows displacement toward the US and thus help a temporary reinforcement of the US currency. China's currency is expected to continue its continued controlled slight depreciation, which started in 2015. After their peak devaluation at the end of 2015, the currencies of important emerging economies such as

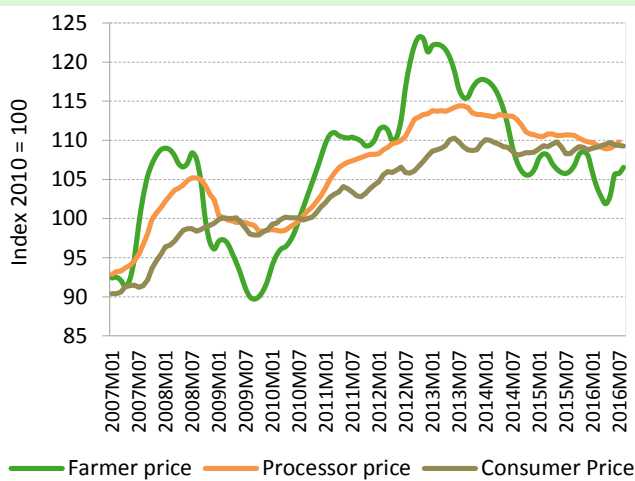
Russia or Brazil re-appreciated throughout the year, thus decreasing their price competitiveness.

**Price developments along the food chain**

Several EU agricultural commodity prices started increasing in the latest months (mainly pigmeat and maize) and in July 2016, the index for all agricultural commodities was back to last year's level. However, the milk price paid to farmers was 14% below last year and for poultry 8% lower. Male bovine animals started their seasonal increase, but the heavy supply on the market led to July prices 4% below last year. EU wheat prices remain rather stable.

Over the same period, prices ex-factory decreased by near 1%, while consumer prices increased by 1%. The sharp decrease in prices paid to farmers first in 2014 and then in 2016 was not fully transmitted along the food chain.

**Graph 3 EU farmer, processor and consumer prices**

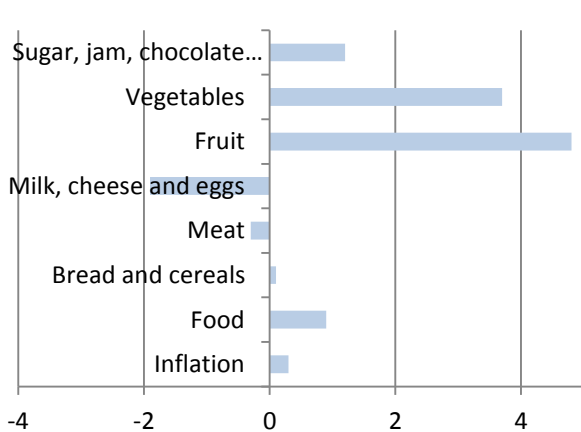


Note: Eurostat monthly indices for EU farmer prices are not available since 2013. Until December 2015, they are estimated based on Member States data weighted by their share in the agricultural output. Beyond, indices are estimated based on cereal, sugar, milk and meat monthly prices weighted by annual production.

Source: DG Agriculture and Rural Development, based on Eurostat

The 1% yearly increase in consumer price for food hides different developments by product: in July milk, cheese and eggs prices were almost 2% below last year, while fruits and vegetables were around 4% more expensive than last year.

**Graph 4 Annual change in consumer prices, July 2016 vs 2015 (%)**



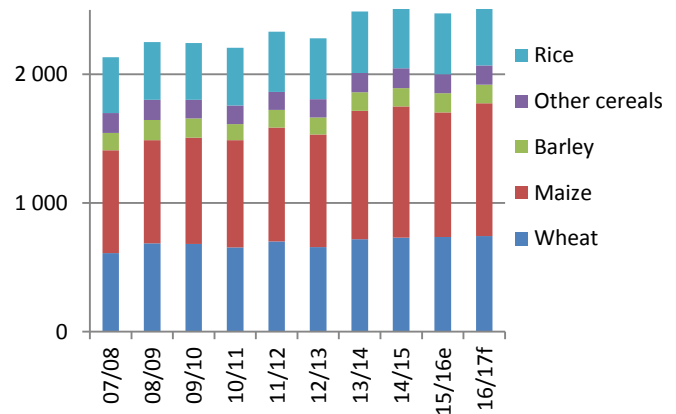
Source: DG Agriculture and Rural Development, based on Eurostat

**2. ARABLE CROPS**

**A new record cereal harvest at world level, but a lower harvest in the EU**

Both the IGC and USDA expect world cereal production for 2016/2017 to set a new all-time record in quantity, with around 2 070 million tonnes produced. This is true also for each individual crop, such as wheat (743 million tonnes, even if there are some concerns about milling quality) or maize (1 030 million tonnes according to IGC). In parallel, world production levels of rice are also at peak for 2016/2017. These ample supplies coincide with good levels of stocks at the beginning of the marketing year, thus leading to a record level of availabilities of over 2.5 billion tonnes of cereals.

**Graph 5 World grains and rice production (million t)**



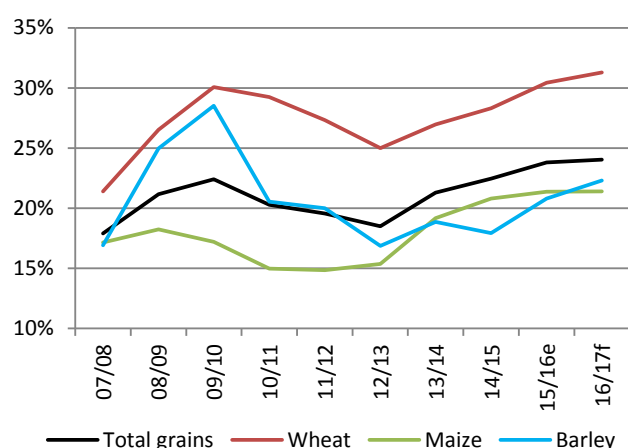
Source: DG Agricultural and Rural Development, based on IGC

Wheat production is excellent in all major exporting areas except the EU (see below), particularly in the former Soviet Union. According to the USDA, Russian 2016/2017 wheat harvest is 11 million tonnes (+18%) higher than last year and the US harvest 8 million tonnes higher (+13%). Significant increases are also recorded in Argentina, Australia, Canada and Kazakhstan (with 3 million tonnes extra wheat produced in each of these countries). Production is below last year in North Africa, the main EU destination.

Contrary to what was generally anticipated, world maize production finally reached bumper levels in the US and South America. In the US, the harvest is forecasted to reach 383 million tonnes of maize (+11% compared to the previous year) and in Argentina, 36.5 million tonnes (30% more than the previous year). Good harvests are also foreseen in Brazil, Canada and South Africa.

Such abundant supply, results in a fourth consecutive when ending stocks increase substantially to unprecedented levels in the last ten years (except for barley).

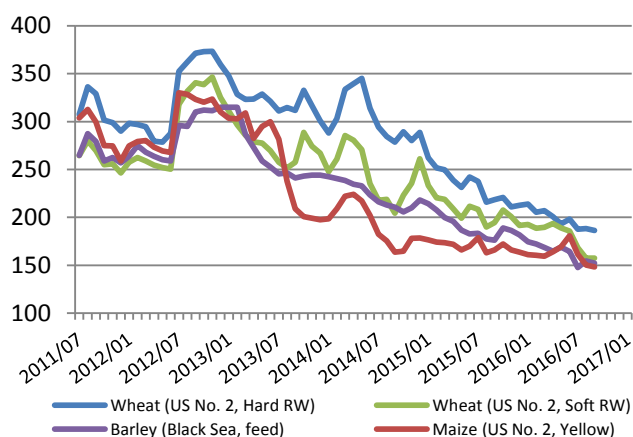
**Graph 6 World stock-to-use ratios**



Source: DG Agriculture and Rural Development, based on IGC

With such ample supplies and availabilities, world prices of grains are expected to remain at low levels in the coming months. This is particularly the case for wheat, whose prices have reached very low levels not seen since the early 2000s, thus getting closer to maize and barley price levels.

**Graph 7 World prices for cereals (USD/t)**



Source: DG Agriculture and Rural Development, based on FAO-GIEWS

### A lower EU cereal harvest due to unfavourable climatic conditions

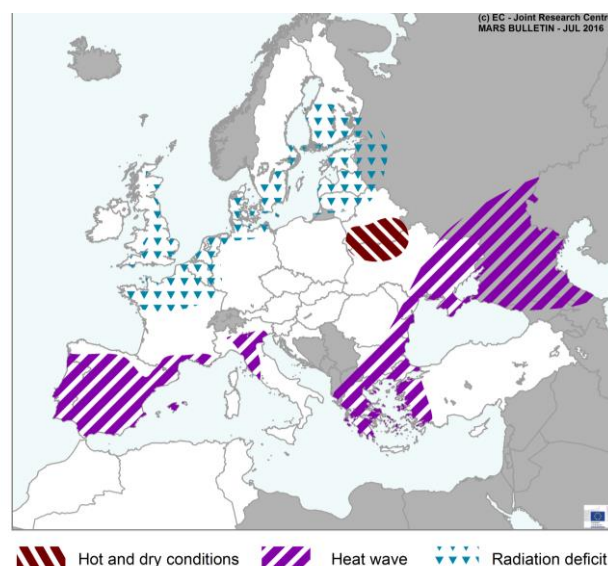
The latest estimates of the EU cereals harvest show a significant decrease of the harvest compared to the prospects in summer. The overall usable production for 2016/2017 is now estimated to reach 293.8 million tonnes (16.2 million tonnes below the previous estimates). If realised, this would be slightly below (by 2.5%) the previous five-year average.<sup>3</sup>

Wet conditions throughout the months of May and June, already indicated in the previous edition of this report, were followed by lack of solar radiation in June/July in France, Belgium and South Germany,

<sup>3</sup> The five-year average is an olympic average in all the text (last five years average after removing the minimum and maximum).

which significantly affected crop development. Soft wheat grown in these regions suffered particularly at the stage of storing energy in the plant. Plants were affected by lodging, anoxia of roots, nutrient losses and high pest and disease pressure because of excessive rains and waterlogging. This was combined with low solar radiation, which limited grain filling and therefore the weight of grains. Beyond yields, quality was also affected: a large part of the wheat production shows small specific weight characteristics thus leading to reclassification of grains for feed, rather than for the milling industry. These impacts were discovered late in the harvest process, and information on the impact on the total amount of cereals produced only appeared as from end July. Climate conditions also affected barley production, with lower shares of malting barley than usually in France.

**Map 1 Areas of concern – extreme weather impacts in June-July**

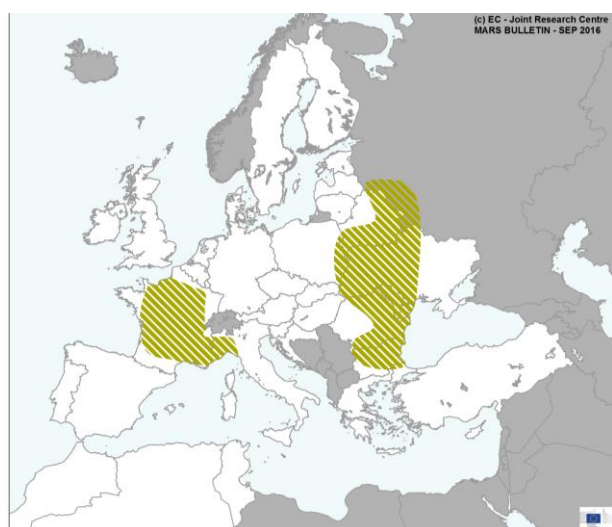


Source: Mars-Bulletin Crop Monitoring in Europe 24(7) <http://mars.jrc.ec.europa.eu/mars/Bulletins-Publications>

The continuation of the season resulted in one of the warmest summers ever recorded. Hot and dry conditions affected the summer crops in South-Eastern Europe (Romania, Bulgaria, but also Ukraine), as well as in Southern France, Northern Spain and Italy. This impacted negatively on the yields in grain maize and sunflower. In Northern France and Germany, summer has also been hot and dry, but the higher than average level of solar radiation compensated for the conditions of summer crops.

Despite these unfavourable climatic conditions, the 2016 planted area remained stable dismissing the fear that greening would lead to a reduction in grains area.<sup>4</sup>

<sup>4</sup> This was discussed in depth in the Staff working document 'Review of greening after one year' available here: [http://ec.europa.eu/agriculture/direct-support/greening/index\\_en.htm](http://ec.europa.eu/agriculture/direct-support/greening/index_en.htm)

**Map 2 Areas of concern for summer crops (mainly maize) in August-September**

 Yield impacted

Source: Mars-Bulletin Crop Monitoring in Europe 24(9)  
<http://mars.jrc.ec.europa.eu/mars/Bulletins-Publications>

Total EU soft wheat harvest is expected 3.1% below the last five-year average (134.2 million tonnes). This wheat harvest, although significantly lower than the two previous ones, is the fifth largest EU wheat harvest in the last ten years. Climatic conditions have in particular affected the harvest in France, Belgium and the Netherlands, as well as in Greece, where production is expected 12 to 30% below the last five-year average. On the contrary, bumper wheat harvests are recorded in the Baltic States and South-Eastern Europe.

The durum wheat harvest is expected to stabilise at 8.3 million tonnes, slightly below last year's level (-1.9%), but above the last five-year average (+2.5%). The excellent harvest in Italy offsets a lower than average harvest in Greece and France. Production also increased in several countries where this production was minor in the past, such as Germany, Austria and Slovakia, each producing more than 100 000 tonnes, a rather unusual level.

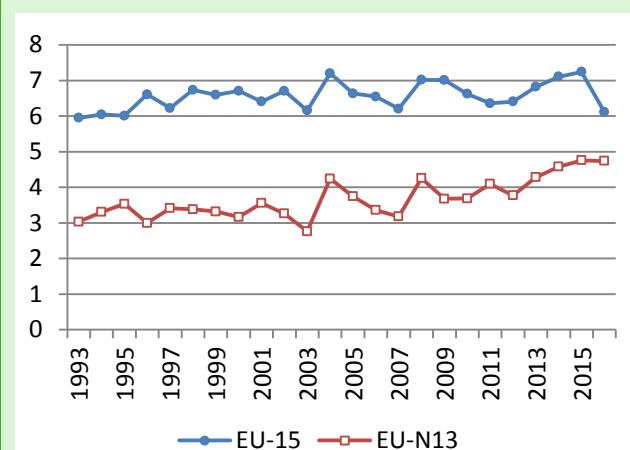
Maize production seems to have suffered from unfavourable weather conditions for the second year in a row. EU total production is expected to reach 59.7 million tonnes in 2016/2017 (although there are still some downwards risks due to possible conversion from grain maize to fodder maize in some areas and further drought/heat until harvest). This level is 11% below the last five-year average and equivalent to last year's bad harvest; the decrease is foreseen to be important in France and Germany (around -20%) and even more in Romania and Bulgaria (around -30%). On the contrary, the harvest forecast is good in Central Europe, particularly in Hungary (+23%) and Poland (+9%).

### Wheat production in the EU: toward a geographical rebalancing?

The 2016/2017 soft wheat harvest in the EU shows a strong decrease of yields in the EU-15 compared to the EU-N13, due to a combination of adverse climatic conditions in the EU-15 and contrasting favourable ones in the Baltic States, Hungary, Romania and Bulgaria leading to good crops. This year's situation hides a more structural change in the spatial distribution of soft wheat production in the EU. Since accession, the average wheat yield progresses faster in the new Member States than in the EU-15.

As a result, the share of wheat production in the new Member States has increased by 10 percentage points over the last 10 years from 23% in 2006 to 33% in 2016.

**Graph 8 Evolution of soft wheat yields in EU-15 and EU-N13 (t/ha)**



Source: DG Agriculture and Rural Development based on Eurostat

Aggregated yields hide heterogeneous trends at Member States level. Wheat yields tend to decrease in the British Isles and stagnate or moderately increase in Western continental Europe (e.g. France, Belgium) and Southern Europe. On the contrary, yields tended to increase more substantially in Germany. For all these countries, the average production 2014-2016 is less than 20% above the average production 2005-2007.

Wheat yield is increasing more steeply in Central Europe (Poland, Czech Republic, Slovakia and Hungary) leading to a 33% increase in 2014-2016 wheat production compared to 2005-2007. Production growth was even higher, in South-Eastern Europe (Romania and Bulgaria, +60%) and in the Baltic States (+195%), both through expansion of areas and increased yields. This resulted in a very steep increase of extra-EU Baltic States exports (+86% over the three last years), now competing with more traditional exporters (France to North Africa, Germany to Middle East).

The EU barley production is expected to be similar to last year, with 59.6 million tonnes, i.e. 2% above the last five-year average. The increase in production is

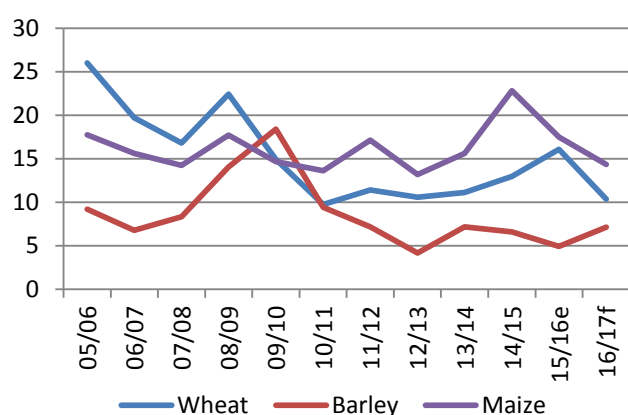
expected to be particularly high in Spain (+26%) and Romania (+28%), as well as in the UK and Germany, but lower than average in France. Concerning other cereals, it is worth noting that EU oats production is expected 3% higher than the last five-year average.

Looking back at the 2015/2016 marketing year (i.e. last year's harvest) EU cereals exports have been very good: EU barley exports hit record levels (14.2 million tonnes, i.e. 21% of the availabilities at the start of marketing year) and EU exports of soft wheat remained close to their record 2014/2015 level. In terms of net-trade, though, higher than average maize imports explain the decrease of total cereals EU net exports by 6 million tonnes compared to the previous record year, at 30 million tonnes. Despite the weaker harvest in 2016/2017, the rhythm of exports does not seem to have slowed down yet. However, inevitably a decrease of EU cereals exports is expected in the coming marketing year, driven by supply (lack of availability of soft wheat, lower quality for milling wheat and malting barley), as well as demand (decreased barley imports from China, strong competition from other origins in soft wheat). Russia will replace the EU as the largest wheat exporter in the world in 2016/2017. EU imports of maize and quality milling soft wheat are also likely to increase in 2016/2017.

Animal feed use might further increase slightly up to 174.8 million tonnes in 2016/2017. Such increase is modest due to the developments in the animal sectors, and is likely to follow a switch from maize (poor supply) to wheat (milling wheat of insufficient quality declassified into feed wheat) and barley.

Contrary to the world situation, EU stock levels are expected to decrease to low levels in these conditions, down to their lowest point in the last 10 years, a situation that could lead to a slower decrease of EU prices compared to world prices and/or to a less positive net trade position.

**Graph 9 EU stocks of wheat, barley and maize in June (million t)**



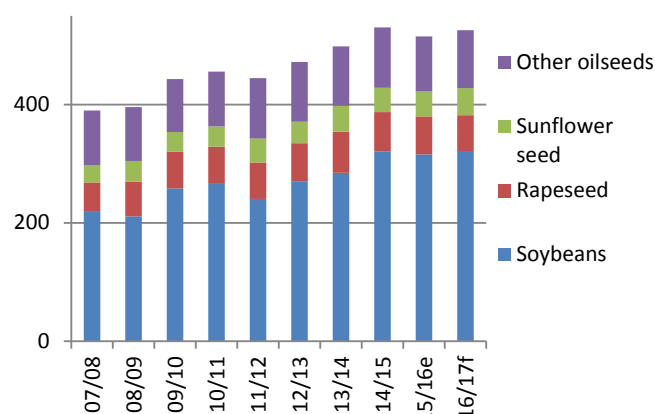
Source: DG Agriculture and Rural Development

### A high global supply in oilseeds

Similar to cereals, the world harvest 2016/2017 of oilseeds is likely to reach high levels, close or above its record level of 2014/2015 depending on the source (USDA, IGC, Oilworld), totalling above 525 million tonnes. Global soybean production could be record, close to 330 million tonnes. This is due to an increased forecast for the US, with a harvest up to 114 million tonnes, and still high prospects in Brazil (over 100 million tonnes) despite difficulties at the time of planting. Prospects for the winter 2016/2017 harvest in Argentina are slightly below average: plans to reduce the soybean export taxes are likely to be delayed and total area planted is likely to decrease this year in Argentina (in favour of maize planting).

Global sunflower seed harvest is also likely to reach record highs (over 45 million tonnes), thanks to good to excellent harvests in Ukraine (although partly affected by the hot and dry summer conditions) and Russia. World rapeseed production is, on the contrary, declining for the third year in a row, despite a good Canadian harvest: the current level of world production is expected to be 13% below its 2013/2014 level.

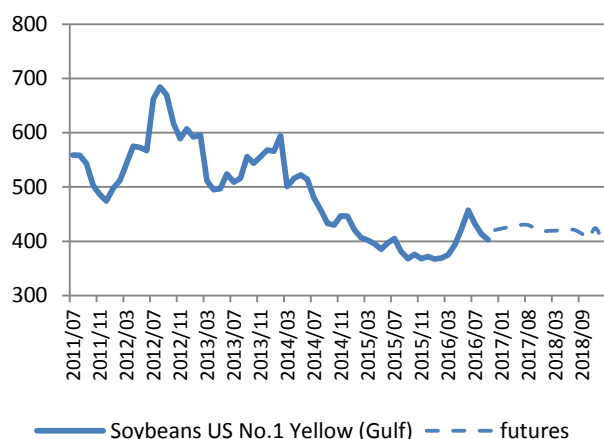
**Graph 10 World oilseeds production (million t)**



Source: DG Agriculture and Rural Development, based on IGC and Oilworld

However, despite record high supply, a steady demand keeps prices stable. After temporarily increasing during spring 2016 because of fears on the US level of production, they have now returned to around 400 USD/t. Indications by futures markets are stable, with no price decrease expected despite the record level of world production. Although, three months ago, futures markets tended to settle at a lower price, around 350 USD/t for 2019, now they tend to settle around 400 USD/t indicating a concern on the capacity of supply to match a growing global demand.

**Graph 11 Monthly US soybean price (USD/t)**



Source: DG Agriculture and Rural Development, based on FAO-GIEWS, CBOT

### Decreased EU oilseeds production in 2016/2017

The EU 2016/2017 oilseeds harvest is confirmed to be lower than last year. Total areas planted with oilseeds were 0.9% below the average of the last five years, slightly higher though than expected three months ago. Rapeseed and sunflower area decreased by 2.2% and 3.6% respectively, while soybean's area increase was consolidated (+61%).

Rapeseed production is expected to decrease by close to 8% compared to last year (3.6% below the last five-year average); production is lower than average by 10 to 26% in Germany, France and the UK, because of poor climatic conditions and higher pest pressure than usual in spring. On the contrary, good to very good harvest should occur in Central and Eastern Europe (Romania, Poland, Czech Republic, Hungary).

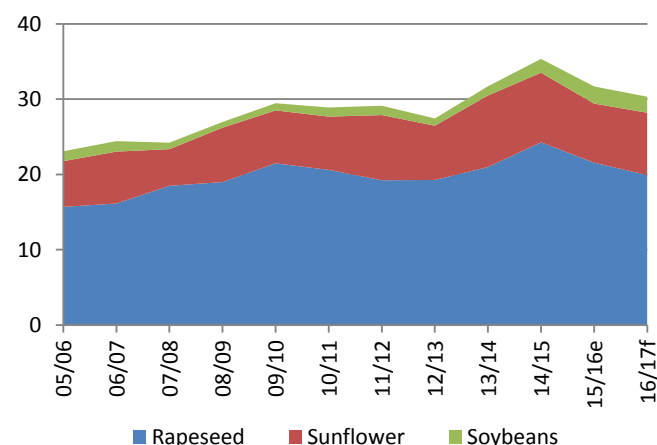
Sunflower seed production has been affected by the hot and dry summer conditions. However, as 2015/2016 was a bad year, this year's production is forecast 5.5% above last year's. Compared to the last five-year average, EU production will be nearly 4% below, particularly in France and Spain (-13 to -22%) and also in Romania and Bulgaria (-6 to -7%). On the contrary, the Hungarian harvest will be record, up to 1.8 million tonnes (25% above the last five years' average)

Finally, soybean production in Europe is expected to stabilise above 2 million tonnes for the second year in a row. However, area and production slightly decreased compared to last year (yields, initially anticipated to be above average finally remained stable), particularly in Italy.

2016/2017 crushing of oilseeds in the EU should be back to pre-2013/2014 levels, with 43.1 million tonnes crushed (1.3% below the last five-year average). As meal demand for the animal production

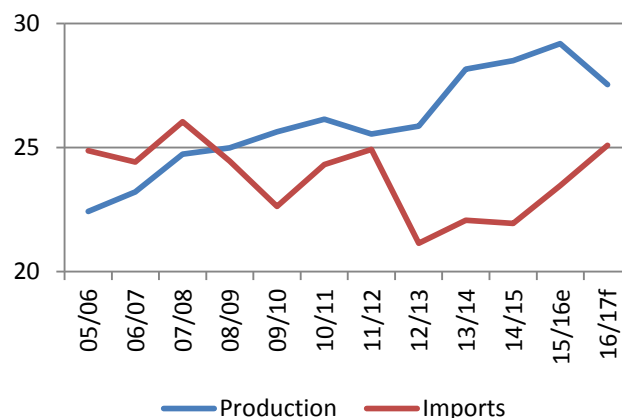
sector continues slightly growing, an increase in EU imports of oil meals is to be expected (by 7% in 2016/2017 compared to last year).

**Graph 12 EU oilseed production (million t)**



Source: DG Agriculture and Rural Development, based on Eurostat

**Graph 13 EU oil meal production and imports (million t)**



Source: DG Agriculture and Rural Development, based on Eurostat

### Confirmed increased EU protein crop production in 2016/2017

Total EU area of protein crops (field peas, broad and field beans, lupins) is expected to increase again in 2016/2017, to reach 1.73 million hectares, a level unprecedented since 1993. The development is particularly strong in the EU-N13, where the area is 177% above the last five-year average, while the increase is more modest in the EU-15 (+29%). With lower yield than last year, production should stabilise slightly above 2.9 million tonnes (-4.1%), still well above the last five-year average (+53%).

## Lower production, imports and stocks support EU sugar prices

After an exceptionally abundant sugar harvest in the 2014/2015 season, the EU production contracted significantly in 2015/2016. The harvested area decreased by 13% and, combined with a lower sugar beet yield, led to a year-on-year reduction in white sugar production by 24%. In addition, imports for 2015/2016 are below the five-year average, especially since imports from EPA/EBA countries lagged behind in the final part of the campaign. There were two reasons for the reduced imports: bad weather conditions affected a number of origins, notably a drought in Southern Africa; high world sugar prices eroded the profitability of EU markets vis-a-vis other export destinations, squeezing the refining margin for imports. The closing of the gap between world and EU prices is illustrated by the path of the London white sugar N°5, which surpassed the EU average price in the spring of 2016. This has not happened since the 2010/2011 price spike.

The reduced production, combined with low imports and a stable consumption, leads to a reduction in final stocks. From ending stocks of 3.9 million tonnes in September 2015 the estimated end stock in September this year is 1.2 million tonnes. The low availability of sugar on the EU domestic market led to a significant increase of spot prices for not contracted sugar over the last months. The EU monitored average white sugar price also continued its upward trend at 437 EUR/t in June. This is 5.6% higher than in June 2015 and the highest level since November 2014.

## Sugar production expected to increase in the last quota year 2016/2017

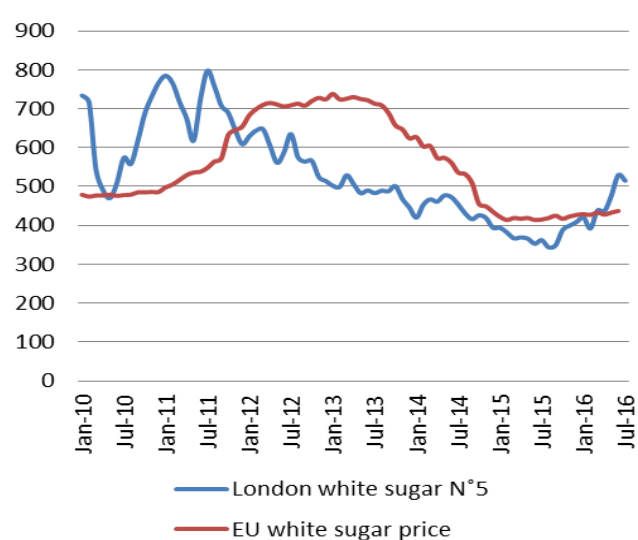
The 2016/2017 EU production is expected at 16.9 million tonnes, a 14% increase from 2015/2016, just under the five-year average. The 0.5 million tonnes higher forecast compared to the previous edition of this report is mainly the result of an increase in planted area, estimated at 1.5 million ha. The sugar beet yield is unchanged at 73 t/ha and equal to the five-year average. Sugar beet production is therefore forecasted at 110 million tonnes, up 8% from 2015/2016. The final sugar production is still uncertain as both the sugar beet yield and, in particular, the sugar content can still change toward the end the 2016 calendar year (the closing of this processing campaign). While sugar beet yields in part of the sugar beet belt, e.g. France, Netherlands, Belgium and the UK suffered from wet conditions in spring, the summer weather has allowed for a catch up in terms of yield and sugar content. However, weather conditions make harvesting difficult. For other countries, such as Poland, yield projections point towards a very good harvest, but cold and rain is always a risk towards the end of the growing reason.

## Fundamentals for a strong sugar price over the coming year

At the world level, the 2016/2017 marketing year is expected to be the second, in a row with a production deficit, with consumption expected to grow faster than supply. The resulting world stock decrease makes the sector less agile to respond to possible adverse weather events in the near future and contributes to a strong support for world sugar prices in the coming months and campaign. In July, the London white sugar N°5 averaged 514 EUR/t, a 42% increase from the year before. The situation is expected to further tighten in the first quarter. The higher forward price is the result of the anticipated scarcity, but also of a large net speculative position in the market. Upside price risks are mainly coming from Brazil, as the sugar harvest might end earlier than expected following a sharp decline in yields during summer. The downside risk is small as market fundamentals are strong, but in the short-term could come from investment funds that could leave the agricultural commodity markets if interest rates increase in the US.

The EU white sugar price is also expected to further increase in the coming months, reflecting the current contract prices and expected low stock levels by the end of the 2016/2017 campaign. The average 2016/2017 production, combined with normal consumption and trade, leads to an estimated stock level of around 1 million tonne, as it is in the interest of the sugar sector to limit the stocks going into the post-quota environment, where sugar and sugar beet prices can be expected to decrease from today's level (leading potentially to additional exports, given the WTO export limit will not apply any more once the quota is abolished).

**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

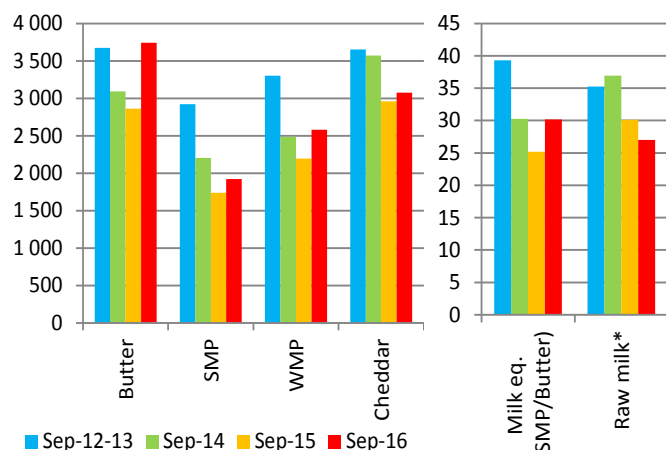


### 3. DAIRY

#### Rising dairy product prices...

All dairy product prices increased in recent weeks in Europe and Oceania. By mid-September, the EU skimmed milk powder (SMP) average price was still low but 13% above intervention price at 192 EUR/100 kg and no quantities were offered to intervention since 12 September. EU butter and whey prices rose the most remarkably, at 374 EUR/100 kg, EU butter price was back to the 2012-2013 price level. Cheddar price, at 308 EUR/100 kg by mid-September, was higher than last year but still around 15% below 2012-2013 price level, like Gouda. EU WMP price, 258 EUR/100 kg, reached 2014 price level, but remained more than 20% below 2012-2013.

**Graph 13 September EU dairy prices (EUR/100 kg)**



Note: \* August

Source: DG Agriculture and Rural Development

#### ...will lead to higher milk prices paid to farmers

Based on SMP and butter prices, the EU milk price equivalent started rising in May and reached 30 EUR/100 kg in September, while the EU average raw milk price started increasing in August only to the low level of 26.4 EUR/100 kg. Dairy product prices are more volatile than milk prices and in times of crisis decline faster and deeper. The milk price equivalent reached its lowest level in April, at 22.8 EUR/100 kg, while the average EU raw milk price lowest level, at 25.6 EUR/100 kg, was reached in July, three months later (with substantial differences between Member States and a raw milk price ranging between e.g. 16.9 EUR/100 kg in Lithuania, 23.4 in Germany, 28.4 in France and 30.6 in Italy). When market conditions improve, dairy product prices are the first ones to rise. This could lead to an increase in the milk price paid to farmers after a few months and many processors announced milk price increases for September.

The magnitude and duration of the recovery in EU dairy product prices remain uncertain, as well as the

extent of the milk price recovery. There are several factors supporting the price recovery:

- A rising world import demand for cheese and butter, benefitting particularly the EU;
- A strong import growth in China, the US, Philippines, Mexico and Russia (although, for the latter, not directly benefitting the EU and other banned countries);
- An increasing domestic consumption of cheese and butter in the EU, more than offsetting the decline in liquid milk sales;
- An EU supply below last year since June and additional reductions to be expected (further encouraged by the aid schemes adopted in September 2016);
- A strong decline in milk production in Uruguay, Argentina and Australia due to unfavourable weather.

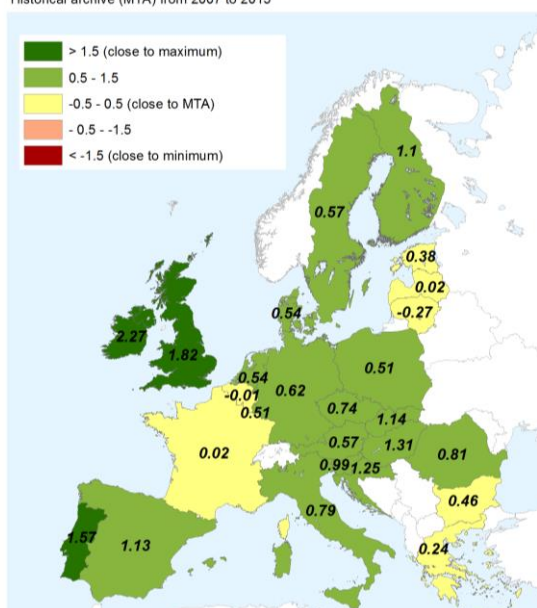
By contrast, there are some concerns linked to:

- The large quantities of SMP in public and private stocks, equivalent to approximately one third of EU SMP production (as regards public intervention, any disposal of products bought in has to take place in such a way as to avoid any disturbance of the market).
- Producer reaction to the foreseen price recovery, and in particular the supply developments at the time of milk (and SMP) production peak around May next year;
- A 2016 US milk production forecast 1.7% above last year and a production in New Zealand which could rebound in the remaining months of 2016.

**Map 3 Relative index of pasture productivity**

Period of analysis 1 May – 10 September 2016

Index based on METOP-AVHRR smoothed fAPAR 10-day product.  
Historical archive (MTA) from 2007 to 2015



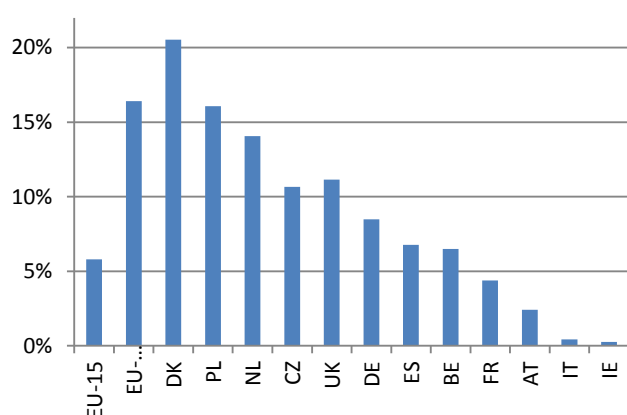
Note: This index is a synthetic indicator of biomass formation. A value of 0 indicates that biomass production in the current season is similar to the long-term average (2007-2015).

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

The weather will also play an important role. For example last year, the extended growing season led to unexpected additional milk production in the last quarter of the year. So far, weather conditions are particularly favourable to grass development in Ireland, the UK and Portugal. Elsewhere grassland productivity is average or slightly above long-term average. In the first half of the year, the number of cows (beef and dairy) slaughtered increased by 6% in the EU-15 and by 16% in the EU-N13<sup>5</sup>. The rise was particularly strong in Denmark, Poland, the Netherlands, Czech Republic and the UK.

### A reduction in the number of dairy cows...

**Graph 14 Change in the number of cows slaughtered in main dairy producing countries, Jan-July 2016/2015**



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

This increased cow slaughterings did not translate into a decline in milk collection in the Netherlands and Denmark so far, because the herd increase had been very significant in previous years and old cows have been partly replaced by more productive heifers. However, in several other Member States, the number of dairy cows declined strongly (Poland) and in May-June, the number of dairy cows was still above last year in three Member States only: Ireland, the Netherlands and Denmark.

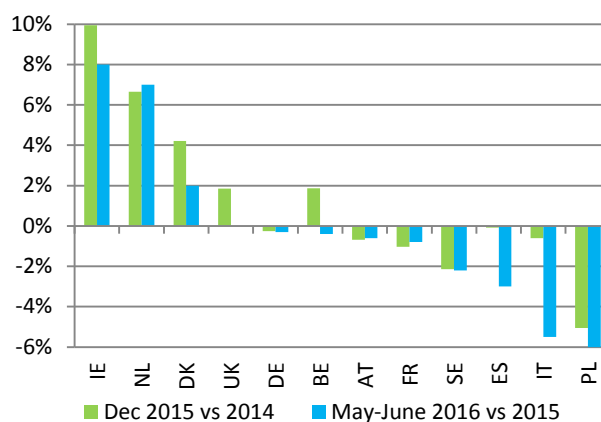
After four consecutive years of increase, the number of dairy cows in December is expected to decline in the EU-15 by 0.5% in comparison with 2015. In the EUN-13, the decline is expected to be stronger (-3.5%). In addition, the aid scheme for milk production reduction<sup>6</sup> may provide an additional incentive to farmers to delay calving, supporting a further reduction in milk production in the last quarter

<sup>5</sup> February corrected for the additional day in 2016.

<sup>6</sup> The aid for milk production reduction is an EU scheme, with a 150 EUR million budget for a potential milk production reduction of 1.07 million tonnes. Each individual farmer can voluntarily decide to participate, with the prospect of a payment of 14 EUR/100 kg for reducing production in the Oct-Dec period, relative to the same period last year. Further periods (for Nov.-Jan., Dec.-Feb. and Jan.-March) will follow until the budget volume is reached. On 26 September, applications have been received for a total of 1.06 million tonnes from 52 101 milk producers.

of the year. Moreover, some Member States might use the exceptional adjustment aid<sup>7</sup> to further reduce milk production (e.g. via slaughtering cows).

**Graph 15 Change in the number of dairy cows**



Source: DG Agriculture and Rural Development based on Eurostat livestock survey

### ... leading to an EU milk collection below last year since June

EU milk collection in the second half of the year is expected to be 2% below 2015. Combined with a 3% increase in the first half of 2016, the whole year EU milk collection is expected 0.6% above 2015.

The slowdown in the second half of the year is higher than anticipated in the July report because latest data indicate strong cow slaughterings and a significant reduction in milk collection took place already in the last three months (June-August). Moreover, the milk production reduction programme launched in the summer might drive an additional reduction in milk deliveries, as implied by the strong interest after the first round of notifications.

In the first months of 2017, milk collection should remain below 2016, but not in the following months, all the more if prices increase. Therefore in 2017, milk deliveries are expected to further expand by 0.5%.

### The end of intervention buying-in of SMP

Offers to intervention ceased mid-September. Total intervention stocks are expected to reach 370 000 tonnes by the end of the year. Half of the stock building took place in three months: April, May and June 2016 at the time of milk (and SMP) peak of production.

During the first 7 months of the year, world SMP exports decreased by 8%. The EU remained the main SMP world supplier, gathering 34% of world exports.

<sup>7</sup> Exceptional adjustment aid (350 million EUR) for farmers engaging in activities to stabilise the market or improve farm economic sustainability.

However, the EU lost market share to the benefit of New Zealand at 25% (+5 percentage point (pp) compared to last year), while US share increased by 1 pp only to 30% despite lower US prices.

With the slowdown in milk collection and the recovery in prices, no additional intervention buying-in is expected to take place in the remaining months of the year. Moreover, exports (17% below last year to July) may rebound, but not enough for 2016 to catch up with last year level. Total 2016 exports are therefore expected 10% below 2015 high, at 621 000 tonnes.

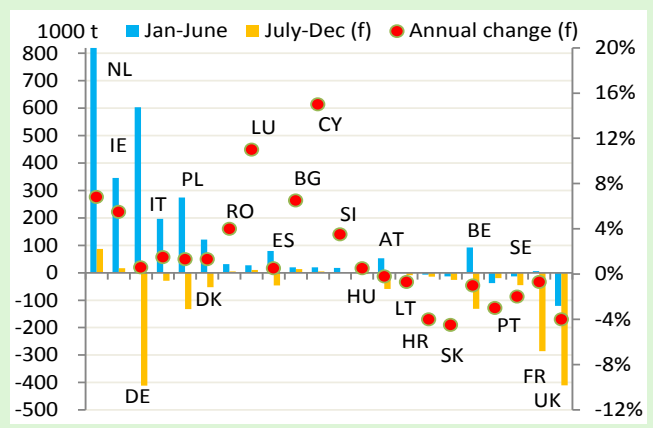
**A very different milk collection development in Member States**

EU milk collection is expected to increase by 0.6% in 2016, i.e. by 800 000 tonnes of milk. The Member States that will contribute most in volume terms to this increase are the Netherlands, Ireland, Italy, Germany, Poland and Denmark. Several of these Member States might face a strong decline in milk production in the second half of the year (Poland, Germany), but it will not fully offset the large increase of the first half of 2016.

In the Netherlands, there are still strong uncertainties regarding the implementation of the legislation on phosphates emissions' reduction. So far many farmers kept their cows. To help farmers toward compliance with the not-yet voted legislation, the largest cooperative in the Netherlands, Friesland Campina, announced a 10 EUR/100 kg top up to the 14 EUR/100 kg EU aid for voluntary milk production reduction. Ireland has among the lowest breakeven price in the EU and so far pasture conditions remained favourable to milk production. In Italy, the milk price paid to farmers declined but remained among the highest in Europe, thanks to the milk valorisation into speciality cheeses. In Denmark, milk production reduction started only recently.

By contrast, UK milk production passed below 2015 level already in March. In this country, the price paid to farmers can vary very strongly according to the milk valorisation and very low prices led to production reduction. In France, where supply management by dairies allowed for no increase in milk collection in the first half of the year, in the Autumn milk production is expected below last year rather high production levels.

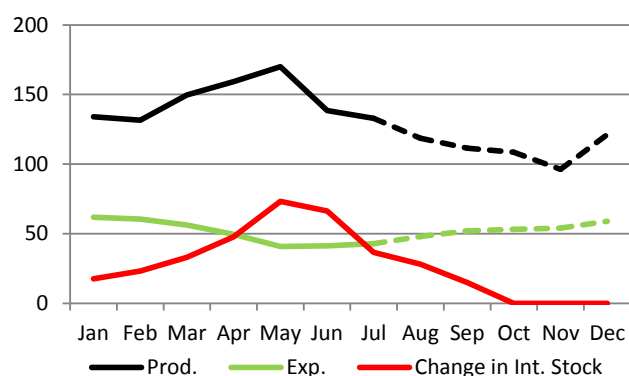
**Graph 16 2016 milk collection compared with 2015 by half year (million t of milk equivalent)**



Note: (f) forecast, a change below 6 000 tonnes in milk collection is expected in the Member States not represented in the graph. Source: DG Agriculture and Rural Development

There are many uncertainties regarding market developments in 2017, especially regarding the quantity of milk that will be channelled into SMP production at the time of peak milk collection that could put downward pressure on EU prices. However, more milk is expected to be channelled into cheese production, driven but sustained domestic and export demand, and less into SMP. Therefore, 2017 EU SMP production, at 1.5 million tonnes, is expected to decrease by 6% compared with 2016, to reach a level slightly below 2015. After sluggish exports in 2016, EU exports could rebound (+18%) to reach a record high of 733 000 tonnes. In addition, domestic use is foreseen to expand further. Despite the encouraging outlook for contracting supply and expanding demand, there seems little room for stock releases in 2017.

**Graph 17 2016 monthly SMP production, exports and intervention buying-in (1000 t)**



Source: DG Agriculture and Rural Development based on Eurostat

**Chinese WMP purchases up**

To July, WMP world imports increased slightly (+1%) compared to last year, driven by 23% higher Chinese imports. Chinese WMP imports reached a level close to 2013 (but still 44% below 2014). However, the main world and Chinese supplier, New Zealand, did not increase its WMP exports (-4%) and its market share decreased from 65% to 62% mainly to the benefit of Uruguay, whose exports jumped by 69%. With the WMP price decrease, New Zealand opted for extending butter, SMP and cheese exports instead. In the EU, in the first 7 months of the year WMP production increased by 5% compared to last year, driven by a strong growth in the first quarter in comparison to very low 2015 production levels. However, for the full 2016 year, WMP production is expected at 2015 level and exports 2% above.

**Strong butter and cheese exports and domestic consumption**

The robust demand for butter and cheese is confirmed month after month and translated into much higher butter prices than for the rest of dairy products. To July, EU butter production increased by close to 9% in comparison to 2015 driven by a rising domestic use and an increasing world demand (+12%). The

increase in imports is particularly strong in China, the US and Mexico. China is now importing more butter than Russia and the US net trade position is deteriorating further. In 2016, EU butter production is expected to further expand by 3% relative to 2015, exports by 25% and domestic use by 2%.

The cheese story is rather similar and weighs even more in the dairy market, given the large share of milk channelled into cheese. In the first half of the year (at the time of peak milk production), a large share of the milk was channelled into storable SMP and butter, nevertheless the sustained retail sales and exports of cheese supported a steady increase in cheese production (+2.3% to July). In the second half of the year, production growth will slow down with the reduction in milk supply. Overall, EU cheese production is expected to increase by 1% in 2016 in comparison to last year. In 2017, a similar growth is expected.

To July, EU cheese exports increased by 13%, driven by sustained exports to the US and significantly higher shipments to Japan, Saudi Arabia, South Korea and Algeria. During the same period, world imports rose by 5% and the EU increased its market share by 4 percentage point to 47%, mainly at the expense of the US. The US used to be the second world supplier of cheese, but has just been overtaken by New Zealand, as rising US domestic cheese demand lowers their export availabilities. Due to the decrease in availabilities toward the end of the year, 2016 EU exports are expected 9% above 2015, back to the 2013 level when Russia was still absorbing 30% of EU exports. In 2017, a further 2% rise could lead the EU to export close to 800 000 tonnes of cheese.

Domestic use is expected to further grow and reach 17.6 kg per capita in 2016. Retail sales are significantly above 2015 notably in France, Germany and Italy, in addition, the industrial use (e.g. for pizza) continues on increasing.

### Liquid milk consumption declining

During the first 7 months of the year, drinking milk consumption in the EU declined by 2% year-on-year.<sup>8</sup> Retail sales decreased in many Member States expect for the UK, where pasteurised milk sales are quite stable. Over the same period, exports boomed by close to 40%. However, these strong exports (to China and Belarus in particular) did not offset the decline in consumption and drinking milk production declined by 1.1%. To July, world exports of drinking milk increased by 30% in comparison with 2015. Close to 40% of these exports were shipped to China (and more than 50% for cream). The EU is the main supplier of China with a 70% market share. These exports might slightly slowdown in the remaining months of the year and 2016 EU exports are expected 30% above 2015. At the time of annual data

<sup>8</sup> Estimated based on monthly Eurostat production and export figures.

consolidation, it appears that production and consumption declines are less pronounced than in monthly figures. The latest annual Eurostat figures indicate that drinking milk production remained almost stable in 2015, while cream production increased by 3% and yogurt production reversed its former declining trend leading to a 1% increase of fresh dairy products production compared to 2014. In 2016, the decline in sales of liquid milk and the stabilisation of cream production are expected to lead to a 0.5% decrease in fresh dairy products production.

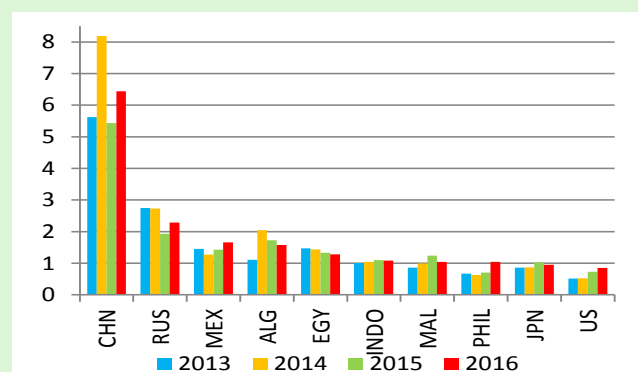
### Growing world import demand for cheese and butter

Based on main exporters' trade figures<sup>9</sup>, in the first 7 months of the year, world import demand increased by 1% compared to last year, i.e. by more than 300 000 litres of milk equivalent (total solids).<sup>10</sup> The strong increase in butter imports (+11%), cheese and whey (+5%), was almost completely offset by the decline in SMP and WMP imports (-4%).

Chinese purchases increased by around 1 million tonnes of milk equivalent (+18%), mainly for WMP, drinking milk and whey. Russian imports grew significantly too (+18%), especially for SMP, WMP, whey and cheese. The main Russian supplier is Belarus, but increasingly Argentina and Uruguay, plus Turkey and Switzerland for powders, Serbia for cheeses and Kazakhstan for drinking milk. There are two other countries with large import increases: Philippines and Mexico, both importing mainly SMP.

By contrast, total Japanese imports decreased because the growth in butter and cheese imports (+10% and +4% respectively) did not compensate for the large fall in SMP imports (-45%). So far Algerian imports (mainly composed of SMP and WMP) decreased by 8%. In this country imports take place mainly via tenders, which can take place at different periods of the year, making monthly comparisons difficult to interpret, nevertheless the low oil price lowering government revenues might explain part of the decline. Egypt, another oil producing country, had 4% lower imports in the first five months of the year. The EU and New Zealand increased their exports by 2%, while Uruguay exports jumped by 24%. By contrast, US and Australian exports decreased by 4%.

**Graph 18 Imports of dairy products year-to-date (million t of milk equivalent)**



Note: Jan-July, except Malaysia and Mexico (Jan-June) and Egypt, Indonesia, Philippines (Jan-May)

Source: DG Agriculture and Rural Development based on GTA

<sup>9</sup> New Zealand, EU, US, Australia, Argentina and Uruguay.

<sup>10</sup> The total solid methodology is explained in the last chapter. In milk equivalent, based on fat and protein, world import demand increased by 3%.

## 4. MEAT

### EU beef market feels pressure from the slaughter of dairy cows

In 2016, EU beef gross production is expected to further increase by 3.3%, driven by higher slaughterings of mostly dairy cows, as the dairy sector faced market difficulties, and good export demand.

EU beef net production increased in the first half of 2016 by 3.2% year-on-year, both in the EU-15 (+2.2% or 70 000 tonnes) and the EU-N13 (+12% or 45 000 tonnes). The surge in the EU-N13 mainly comes from Poland, which produced already 28 000 tonnes more in the first half of 2016 than in the same period last year, mainly coming from cow and heifer slaughterings.

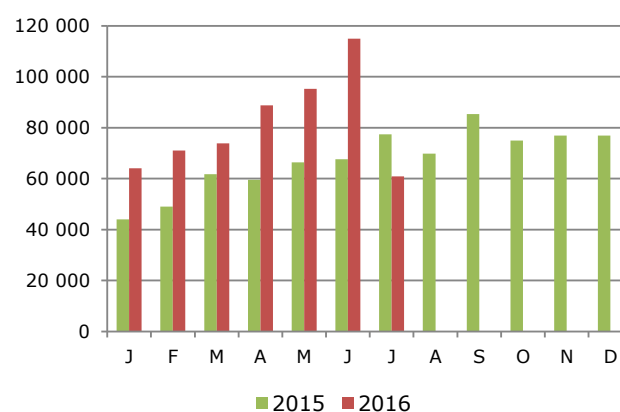
In the EU-15, the second quarter of 2016 was marked by an acceleration of cow (+9%) and heifer (+5%) slaughterings compared to the first quarter, while bull slaughterings stabilised. Except for Italy and Sweden, all EU countries were increasing cow and heifer slaughterings in the second quarter of 2016 compared to the same period last year. Restructuring of milk production systems and culling of surplus cows and heifers seem to have started in all Member States, as well in Member States where a recapitalisation of the dairy herd was observed previously. This will result in extra slaughterings in many Member States during the second half of 2016. Some additional beef might be expected on the market due to the culling of suckler cows in France, while the aid schemes for milk production reduction adopted in September 2016 give an additional incentive to farmers to cull cows in the short-run. On the other hand, the consequences of the strong 2015 increase in the suckler cow herd, by 270 000 heads, is not expected to lead to significantly higher slaughterings before the end of 2016. Overall, an increase of 2.6% in EU beef net production is foreseen in 2016, followed by a stabilisation in 2017.

### EU live bovine exports continue rising

EU exports of live bovine animals continue to increase because of sustained demand in the Mediterranean region. From January to July 2016, live exports increased by 34% compared to already high 2015 levels. Live trade is focussed on countries around the Mediterranean. Turkey (186 000 heads), Israel (95 000 heads) and Lebanon (90 000 heads) were the three most important destinations of live bovine animals and represented together 65% of total live trade. Israel took over Lebanon's position as EU's second destination, confirming its importance as a solid destination for live exports. The biggest EU supplier to Turkey in 2016 so far was Hungary, which exported already 52 000 heads over the same period, but Slovakia is catching up by exporting more than 14 000 heads in July only.

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 more than 30% in 2016 and to stabilise at this high level in 2017, reaching 235 000 tonnes c.w.e. (twice the 2013-2014 levels).

**Graph 19 Monthly EU exports of live cattle (heads)**



Source: DG Agriculture and Rural Development, based on Eurostat

To July, beef meat exports increased by 17%, compared to 10% in the first quarter of 2016. Tight supply on the world market and firm demand at relatively high prices opens opportunities to the EU. This summer, Turkey finally opened a TRQ for the EU for the imports of 5 000 tonnes of meat (except from Poland) compared to 20 000 tonnes last year, limiting the meat exports to Turkey. On the other hand, a large portfolio of other destinations showed marked increases, such as Israel (+400%, or 5 300 tonnes), Ivory Coast (+175% or 2 600 tonnes) and Vietnam (+300% or 3 000 tonnes). Many bilateral initiatives to open up (new) export markets undertaken by Commissioner Hogan could further promote EU exports in the near future. Therefore, the increase in meat exports is estimated at 10% for 2016.

Since the beginning of 2016 up to July EU beef meat imports showed an increase of 2% year-on-year. Imports from Brazil increased the most, a confirmation of their improved competitiveness and lower internal demand, leaving more beef available for exports. Imports from the US declined compared to last year, probably due to their shift to more remunerative Asian markets (Japan) and the less favourable exchange rate dollar/euro. The overall beef exports of Australia or the world market are 150 000 tonnes down since the beginning of this year compared to last year, a clear sign that the recapitalisation of the beef herd has started, also thanks to the favourable pasture conditions. Nevertheless, Australian exports to the EU are still increasing by 8% compared to last year. Despite the recapitalisation of the beef herd in Argentina after years of decline, imports of this country have

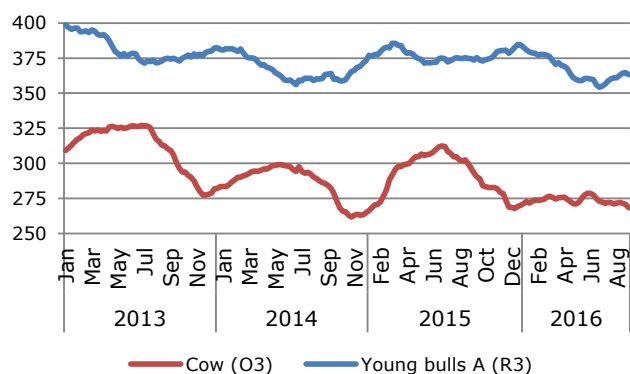
increased by 4% in the first half of 2016, meaning that the EU remains a lucrative export market for many countries. Overall, EU imports are expected to increase by 3% in 2016 and a further 3% in 2017.

### Dairy sector restructuring affects beef price

Cow prices (O3) follow normally a characteristic seasonal path, with a peak around summer. Since the beginning of 2016, cow prices remained at a relatively low level between 270 and 275 EUR/t, up to 12% below last year and 6% below the 5 year average (2011-2015). No summer peak was reached this year. Continued low cow prices and restructuring in the dairy sector start to have an impact on prices of all categories, standing also 4 to 10% below last year. However, male prices have followed a slightly upward trend since beginning of July, supported by the strong world demand, driven by US and Asian consumers, regardless of China's economic slowdown, in a context of supply shortage in Australia. However, supply uncertainty in Brazil and Argentina might strongly affect future prices. Prices development in the meat sector has led the Commission to create the meat market observatory.<sup>11</sup>

In 2014 and 2015, per capita beef consumption in the EU recovered yearly by 1.3 and 1.7%. A further 2.1% growth is expected in 2016 thanks to ample availabilities on the market.

**Graph 20 EU price for certain bovine categories (EUR/100 kg)**



Source: DG Agriculture and Rural Development

### Exports (to China) support EU pork market

Due to the export surge of pig meat to China total pigmeat slaughtering in the EU increased by 3.2% in the second quarter of 2016, compared to +0.7% in the first quarter year-on-year. Almost all EU Member States showed an increase in the production or a slowdown in the decline of pig production in the second quarter of 2016. Denmark, Austria and Belgium see their production still dropping, while the decrease in Germany started to slow down.

<sup>11</sup> [http://ec.europa.eu/agriculture/market-observatory/meat/index\\_en.htm](http://ec.europa.eu/agriculture/market-observatory/meat/index_en.htm)

According to the May-June 2016 livestock survey, the sow herd in the main pork producing countries went down by 420 000 heads, adding to the 300 000 decline registered in December 2015. The largest reductions were recorded in Poland (-150 000 heads), Germany (-107 000 heads), the Netherlands (-53 000 heads) and France (-29 000 heads). Even the sow herd in Spain declined (-34 000 heads).

Despite the sow herd reduction in the Netherlands, France and Poland, these countries still record an increase in production in the first half of 2016. Changes in the intra-trade of live pigs and piglets may explain some of the contradictory observations between the development of the national sow herd and production statistics. Live trade of pigs and piglets became more and more important in recent years, representing more than 10% of slaughterings. However, during the first half of 2016, the trade of live animals within the EU was reduced by 14% (in heads). Trade of live animals coming from the Netherlands and Germany showed an important decline, favouring local fattening and slaughterings over live exports. The live trade between Denmark and the surrounding countries is less affected by this development.

The increase in EU production in the second quarter of 2016 came solely from an increase in the number of slaughtered animals, not from an increase in carcass weight, although slightly different developments between Member States exist. On the other hand, EU pig production is expected to slow down in the second half of the year because of the continuing decrease in sow herd and the lack of piglets' availability. As a result, EU pigmeat production in 2016 is expected to increase slightly at around 23.6 million tonnes (+1%), thanks to the positive feedback from export markets and a strong price recovery.

### EU pork exports at record level

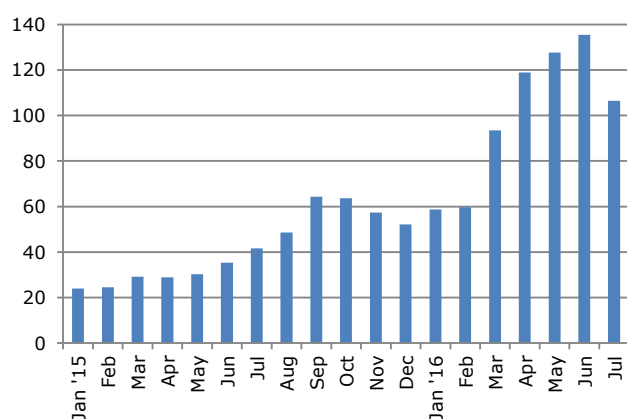
In 2016, EU pigmeat exports are expected to reach a record level at 2.7 million tonnes (+24% on annual basis) thanks to the boost in exports to China (Graph 20). The current negotiations for access to other markets closed due to SPS reasons could even further improve the export situation.

Strong import demand from China due to the restructuring of its domestic pigmeat sector explains the 44% increase in EU total pigmeat exports over the January-July 2016 period. EU pigmeat exports to China reached more than 100 000 tonnes in April, May and June and represented now more than 40% of total EU pigmeat exports or almost 600 000 tonnes in the first half of 2016. If Hong Kong is included in the exports, another 30 000 tonnes should be added. In the first half of 2016 China imported already as much pig meat from the world as in the whole year 2015 (i.e. 780 000 tonnes). 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 respectively 31%, 19% and 17% of EU meat exports to China. Poland cannot take advantage of this opportunity as direct exports to China are banned due to several cases of African Swine Fever (ASF).

However, the euro/yuan exchange rate, the EU pigmeat production capacity and the consequences of the economic slowdown on Chinese consumer demand and its meat sector could influence downwards EU exports in the coming months. According to the Chinese Agricultural Outlook, a significant yearly import demand for pigmeat is projected to continue over the medium-term but at a lower level (close to 900 000 tonnes by 2025). Having this in mind, the current level of EU exports to China should be considered as a short term opportunity rather than a medium term fact. Other important exporters to China are the US and Canada, representing 14% and 11% of total Chinese pigmeat imports in the period January–July 2016.

**Graph 21 EU pigmeat exports to China (1000 t)**



Source: DG Agriculture and Rural Development, based on Eurostat

Other notable increases in the first half of 2016 were noted in EU shipments to Japan (+16%), Taiwan (+15%), Ukraine (9%) and the US (+40%). The dispute about the tariffs on certain pigmeat exports to the Philippines has been settled and reflected in an increase of 33% in the first half of 2016 (+17 000 tonnes). The recovery of the US market share on the international scene after the 2014 PEDv<sup>12</sup> crisis seems to come along slowly as US pig exports reached the same level as last year in the first half of 2016. This probably explains why the EU exports to Japan were better than expected. In addition, exports to South Korea were dropping slightly, while those to Australia were stabilising.

In this outlook, the Russian sanitary import ban introduced in March 2014 is expected to be maintained. The official WTO ruling on the sanitary ban has been made public on 19 August 2016. The Russian government has launched a notice of appeal on the 23 September. The WTO decision on the appeal is to be expected within three months. In the

meantime, the assumption that the import ban will remain in place for 2016 and 2017 is retained, blocking almost all exports to Russia.

### EU pigmeat prices on the rise

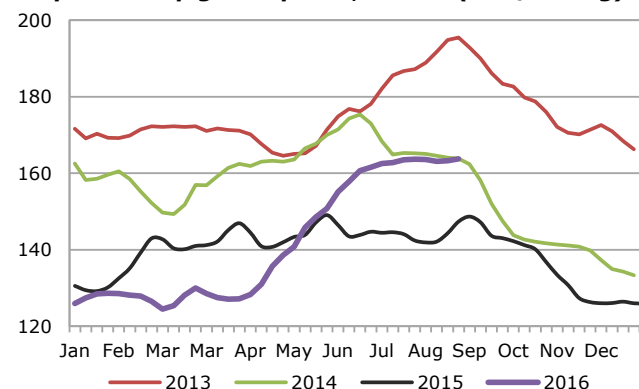
Contrary to 2015, EU pigmeat prices in 2016 seem to follow again their seasonal price increase during summer (Graph 21). After a flat start at the beginning of 2016, prices have been going up steadily since the end of April 2016. From the beginning of July the EU pigmeat prices went above the 160 EUR/100kg and stabilised around 165 EUR/100kg. This price increase is mainly due to the surge in exports to China and 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 and stabilising again during summer. The EU average price in August was around 43 EUR/head, which is 30% higher than the same period last year. In Spain, on the contrary, piglet prices started already decreasing since half of July, earlier than the seasonal trend, although still largely above prices of last year.

Despite a brief surge, feed prices, especially soya, came down again, reducing the feed cost and improving the profitability of pigmeat production. Moreover, the quality of the cereal harvest might be such that a larger share of wheat will go to feed production.

EU consumption of pigmeat reached 32.4 kg *per capita* in 2015 (retail weight), almost 1 kg up compared to 2014. Due to the very favourable prospects of EU exports to China, there could be a temporary shortage on the EU market as operators favour exports. Therefore, the level of *per capita* consumption is expected to decrease in 2016 by 1.6% (32 kg per capita) and stabilise in 2017, more or less in line with the trend over the last ten years.

**Graph 22 EU pigmeat prices, class E (EUR/100 kg)**



Source: DG Agriculture and Rural Development

<sup>12</sup> Porcine Epidemic Diarrhea Virus.

### Expansion of EU poultry meat production pushes domestic prices downward

Despite lower broiler prices at the beginning of 2016, EU poultry production expanded further during the first half of 2016 by 6%. Except for France, all other main producing Member States have reported an increase: Poland (+15%), Spain (+8%), Italy (+6%), the Netherlands (+5%) and the UK (+4%). Bird restocking in France after the outbreak of avian influenza is not yet showing up in the slaughterings, but will probably be noticeable in the second half of the year. At EU level, growth is expected to continue in the second half of 2016 as placings of chicks are staying at the same high level as previous months. Overall, EU poultry production is expected to grow by 4% in 2016, because the lower EU prices might lead to a slowdown in the production increase in the remaining months of the year. However, this production rise follows two consecutive years of 4% growth already. As consumption in the EU is reaching a more mature level and competition on the world market from Brazil and the US limits further development of exports, prices might continue to experience downward pressure.

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

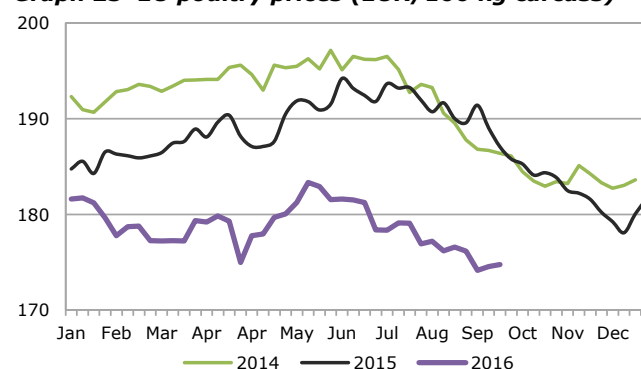
Poultry prices in the EU have stayed below 185 EUR/100kg since October 2015. Starting from May 2016, poultry prices followed a downward path to reach 175 EUR/100kg due to the abundant supply, 8% below last year's price level. These lower prices give the opportunity to increase exports, which are expected to reach 10% in 2016 compared to 2015, and to stagnate in 2017, despite the strong international competition. As mentioned before, feed prices are to stay relatively low despite the small recent rise in cereal and soy meal prices, and this thanks to a good world harvest and a reclassification of EU cereals from food to feed use.

Over the first 7 months of the year, EU poultry meat exports increased by 8% year-on-year. The bigger export increases were recorded for South Africa (+44%), the Philippines (+28%), Hong Kong (+33%) and Ukraine (+48%). The sudden surge in exports to South Africa may be explained by the possibility of an introduction of safeguard measures in the short-run as announced by the South African authorities (ITAC). The introduction of such measure may push EU exports downward, especially since the EU might be also losing market share in South Africa to the benefit of the US, which started to use its new annual TRQ of 65 000 tonnes of bone-in chicken pieces since the beginning of 2016. Exports to Benin declined drastically (-17%) due to concerns regarding the re-exports of EU commodities to Nigeria through Benin, while competition with Brazil makes the EU exports to Saudi Arabia decrease by 12%.

The Chinese market may be a game changer for 2016 as domestic production is decreasing due to a lack of breeding stock. Therefore, Chinese imports are likely to increase, giving opportunities mainly to Brazilian poultry meat exports as they are already currently the largest supplier. Nevertheless, some EU countries with direct access to the Chinese market such as Poland might also benefit from this situation, while US poultry exports are not yet back on track compared to last year (-5%), also due to the strong US dollar.

EU poultry meat imports increased by 6% in the first half of 2016, mainly due to an increase in imports from Brazil and Chile, which doubled its exports to the EU. Thailand and Ukraine complete the poultry import picture. Imports from Thailand are currently stabilising. Some of Thailand's exports might be diverted to China in the second half of 2016 if import demand would increase in that market. Even though EU production is relatively abundant and exports are increasing, imports can increase as well because the EU typically exports low value cuts while importing higher value cuts.

**Graph 23 EU poultry prices (EUR/100 kg carcass)**



Source: DG Agriculture and Rural Development

EU *per capita* consumption is expected to increase in 2016 by 3.1% and in 2017 as well but at a slower pace, replacing part of pork consumption.

### EU sheep meat production continues its surge in 2016...

EU gross sheep and goat meat production is expected to increase by 2.4% in 2016, mainly because of an increasing demand for live animals (+35%), while domestic slaughterings follow a modest 1% increase.

During the first half of 2016, sheep and goat meat net production went up 1.6% despite an important increase in the flock size registered in December 2015. Official numbers for the UK indicate a decrease of net production by 4.5% in the first half of the year. This was quite unexpected as the sheep flock in the UK increased by 1.8% and the numbers of ewes put to the ram stabilised according to the updated December livestock survey 2015. Moreover, pasture quality in the UK was slightly down during spring but



this was compensated in summer. Currently an increase of production by 1% in 2016 for the UK is still expected, similar to last year. Slaughtering in Spain, France, Ireland and Romania went up significantly in the first half of 2016 by 5%, 6%, 7% and 15% respectively.

In the first half of 2016, sheep meat imports increased by almost 8% year-on-year. New Zealand represented almost 90% of these imports, increasing its exports to the EU by 10%. Second exporter to the EU is Australia, lowering its exports by 20%. Since the lamb crop in New Zealand was less than expected, EU imports could slowdown in the second half of the year. Currently, New Zealand has used its TRQ up to 63% or 144 000 tonnes but it is expected not to be filled by the end of 2016. Overall, this would lead to 2016 total imports 2% above last year. EU meat exports went down another 12%. Hong Kong noted a further 45% decline while Switzerland is one of the only export destination with a positive development (+12%). A further 2% drop is projected in 2016 compared to last year.

EU live exports on the contrary are doing very well, increasing by 42% in the first half of 2016. Four export partners, all located around the Mediterranean, represent almost 95% of trade. Libya and Jordan are

the main destinations, increasing by 17% and more than doubling respectively. Since the end of 2015, live exports started as well to Israel, and this flow is confirmed by more than doubling its volume compared to last year. Overall, live exports are expected to grow by 35%, reaching the highest levels ever.

### **... 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 even below the 2011-2015 average price during April-June. Starting from July, prices regained their average level of previous years, currently at 490 EUR/100 kg. A similar movement can be observed for light lamb carcass prices in the beginning of 2016. From half March, the light lamb prices started to drop till a level of 540 EUR/100 kg. Since May, the seasonal upward trend can be observed again but at a level 20 EUR below the average of the five 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 increase slightly in 2016 and to stabilise in 2017.

## 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	24 313	24 243	-0.4	3.6	-0.3	1.8
Durum	2 598	2 392	2 295	2 458	2 642	7.1	-1.6	7.5	7.8
Rye	2 377	2 654	2 172	1 969	2 102	-9.3	-14.5	6.7	-7.0
Barley	12 502	12 370	12 434	12 180	12 419	-2.0	-1.3	2.0	0.7
Oats	2 666	2 666	2 546	2 516	2 606	-1.2	-6.0	3.6	-0.7
Maize	9 847	9 775	9 616	9 245	8 815	-3.8	-3.3	-4.7	-7.8
Triticale	2 530	2 749	2 953	3 140	2 845	6.3	16.2	-9.4	2.5
Sorghum	119	145	158	147	139	-7.1	15.4	-4.9	1.8
Others	1 756	1 452	1 339	1 317	1 522	-1.6	-14.9	15.5	2.5
<b>Cereals</b>	<b>57 672</b>	<b>57 591</b>	<b>57 930</b>	<b>57 286</b>	<b>57 334</b>	<b>-1.1</b>	<b>-0.1</b>	<b>0.1</b>	<b>-0.3</b>
Rapeseed	6 208	6 711	6 714	6 450	6 480	-3.9	-4.1	0.5	-2.2
Sunflower	4 313	4 719	4 263	4 187	4 172	-1.8	-3.2	-0.4	-3.6
Soybeans	435	465	568	860	795	51.5	91.6	-7.5	61.2
Linseed	64	64	50	59	55	17.7	-18.0	-6.2	-11.4
<b>Oilseeds</b>	<b>11 019</b>	<b>11 959</b>	<b>11 594</b>	<b>11 556</b>	<b>11 503</b>	<b>-0.3</b>	<b>-0.1</b>	<b>-0.5</b>	<b>-0.9</b>
Field peas	529	462	530	724	834	36.5	26.5	15.2	45.7
Broad beans	343	356	389	621	642	59.6	61.9	3.4	67.5
Lupines	84	95	118	256	257	116.9	150.9	0.5	152.1
<b>Protein crops</b>	<b>955</b>	<b>913</b>	<b>1 037</b>	<b>1 600</b>	<b>1 733</b>	<b>54.3</b>	<b>52.6</b>	<b>8.3</b>	<b>65.2</b>
Sugar beet	1 661	1 661	1 632	1 419	1 500	-13.1	-13.2	5.7	-8.2
<b>Total</b>	<b>71 308</b>	<b>72 124</b>	<b>72 193</b>	<b>71 861</b>	<b>72 070</b>	<b>-0.5</b>	<b>0.4</b>	<b>0.3</b>	<b>0.4</b>

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

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

	EU-28					% variation			
	2012	2013	2014	2015e	2016f	15/14	15 vs 5-year av.*	16/15	16 vs 5-year av.*
Common wheat	5.41	5.82	6.13	6.28	5.58	2.5	11.7	-11.2	-4.3
Durum	3.24	3.38	3.34	3.49	3.18	4.3	5.3	-8.7	-5.3
Rye	3.67	3.94	4.18	3.97	3.86	-5.0	8.3	-2.9	-0.1
Barley	4.40	4.94	4.88	5.03	4.84	2.9	10.5	-3.7	2.1
Oats	2.98	3.14	3.05	3.01	3.10	-1.2	0.7	2.9	2.9
Maize	6.08	6.86	8.10	6.30	6.80	-22.2	-12.7	7.8	-1.8
Triticale	4.05	4.20	4.48	4.12	4.09	-8.1	1.2	-0.7	-0.9
Sorghum	4.17	5.01	5.89	5.19	5.16	-12.0	-4.1	-0.5	-3.3
Others	2.91	2.79	2.99	2.63	2.87	-11.8	-7.0	8.8	2.6
<b>Cereals</b>	<b>4.88</b>	<b>5.34</b>	<b>5.71</b>	<b>5.47</b>	<b>5.17</b>	<b>-4.2</b>	<b>5.8</b>	<b>-5.4</b>	<b>-2.8</b>
Rapeseed	3.10	3.13	3.61	3.34	3.07	-7.5	9.8	-8.1	-3.7
Sunflower	1.67	2.01	2.17	1.87	1.98	-13.6	-3.9	5.8	1.6
Soybeans	2.21	2.62	3.23	2.65	2.67	-18.0	-3.4	0.8	-0.3
Linseed	2.11	2.10	2.30	1.95	1.95	-15.3	-2.9	0.1	-5.0
<b>Oilseeds</b>	<b>2.50</b>	<b>2.66</b>	<b>3.06</b>	<b>2.75</b>	<b>2.64</b>	<b>-10.0</b>	<b>7.1</b>	<b>-3.9</b>	<b>0.2</b>
Field peas	2.24	2.77	2.62	2.75	2.30	5.3	6.8	-16.5	-10.7
Broad beans	2.95	2.86	3.17	3.14	2.82	-1.0	8.7	-10.1	-5.5
Lupines	1.54	1.61	1.77	1.41	1.55	-20.1	-9.0	9.9	2.1
<b>Protein crops</b>	<b>2.43</b>	<b>2.68</b>	<b>2.73</b>	<b>2.69</b>	<b>2.38</b>	<b>-1.4</b>	<b>2.9</b>	<b>-11.4</b>	<b>-8.6</b>
Sugar beet	69.12	65.60	80.26	71.73	73.40	-10.6	1.3	2.3	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	152 791	135 251	2.1	16.0	-11.5	-2.7
Durum	8 411	8 097	7 676	8 575	8 413	11.7	3.2	-1.9	1.3
Rye	8 724	10 454	9 073	7 815	8 103	-13.9	-8.3	3.7	-5.1
Barley	55 008	61 101	60 700	61 209	60 124	0.8	8.8	-1.8	2.0
Oats	7 944	8 384	7 759	7 577	8 079	-2.3	-3.8	6.6	2.5
Maize	59 820	67 037	77 905	58 266	59 911	-25.2	-11.5	2.8	-9.0
Triticale	10 257	11 559	13 225	12 924	11 624	-2.3	19.0	-10.1	0.4
Sorghum	496	728	929	760	719	-18.2	12.8	-5.4	-0.4
Others	5 109	4 053	3 999	3 471	4 363	-13.2	-18.5	25.7	4.6
<b>Cereals</b>	<b>281 720</b>	<b>307 619</b>	<b>330 932</b>	<b>313 386</b>	<b>296 588</b>	<b>-5.3</b>	<b>6.6</b>	<b>-5.4</b>	<b>-2.6</b>
Rapeseed	19 268	20 979	24 266	21 564	19 920	-11.1	6.3	-7.6	-3.3
Sunflower	7 202	9 505	9 243	7 844	8 272	-15.1	-6.2	5.5	-3.6
Soybeans	960	1 216	1 835	2 279	2 124	24.2	86.1	-6.8	48.5
Linseed	134	134	114	114	107	-0.3	-19.5	-6.0	-16.1
<b>Oilseeds</b>	<b>27 564</b>	<b>31 835</b>	<b>35 459</b>	<b>31 801</b>	<b>30 423</b>	<b>-10.3</b>	<b>5.8</b>	<b>-4.3</b>	<b>-1.8</b>
Field peas	1 183	1 277	1 387	1 993	1 918	43.7	41.9	-3.8	36.5
Broad beans	1 011	1 020	1 232	1 947	1 810	58.0	71.7	-7.0	59.6
Lupines	129	153	209	362	400	73.2	129.9	10.4	143.5
<b>Protein crops</b>	<b>2 322</b>	<b>2 449</b>	<b>2 828</b>	<b>4 302</b>	<b>4 128</b>	<b>52.1</b>	<b>59.2</b>	<b>-4.1</b>	<b>52.7</b>
Sugar beet	114 830	108 979	131 009	101 769	110 120	-22.3	-12.5	8.2	-5.3

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	41.2	32.8	40.2	51.2	47.8	-6.6
Gross production	281.7	307.6	330.9	313.4	296.6	-5.6
Usable production	276.4	304.8	328.0	310.5	293.8	-5.4
Imports	16.9	19.2	15.6	20.5	20.6	0.2
<b>Availabilities</b>	<b>334.5</b>	<b>356.8</b>	<b>383.8</b>	<b>382.2</b>	<b>362.3</b>	<b>-5.2</b>
Total domestic uses	267.9	271.0	278.7	281.4	282.4	0.3
- Human	64.8	64.8	65.0	65.1	65.4	0.4
- Seed	9.5	9.5	9.6	9.6	9.6	0.2
- Industrial	30.4	31.8	32.1	32.3	32.6	0.9
<i>o.w. bioethanol</i>	9.5	10.7	11.0	11.2	11.5	2.7
- Animal feed	163.2	164.9	172.0	174.4	174.8	0.2
Losses (excl on-farm)	2.2	2.2	2.2	2.2	2.2	0.0
Exports	31.6	43.5	51.7	50.8	37.6	-25.9
<b>Total uses</b>	<b>301.6</b>	<b>316.6</b>	<b>332.5</b>	<b>334.4</b>	<b>322.2</b>	<b>-3.6</b>
<b>End stocks</b>	32.8	40.2	51.2	47.8	40.1	-16.3
- Market	32.8	40.2	51.2	47.8	40.1	-16.3
- Intervention	0.0	0.0	0.0	0.0	0.0	
<b>Self-sufficiency rate %</b>	103	112	118	110	104	

**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)	16.1	4.9	2.0	17.5	1.0	0.2	1.8	1.4	2.9	<b>47.8</b>
Gross production	135.3	60.1	8.4	59.9	8.1	0.7	8.1	11.6	4.4	<b>296.6</b>
Usable production	134.2	59.6	8.3	59.7	7.9	0.6	8.0	11.4	4.1	<b>293.8</b>
Import <sup>1</sup>	4.0	0.2	2.1	14.0	0.1	0.1	0.0	0.0	0.1	<b>20.6</b>
<b>Total availabilities</b>	<b>154.3</b>	<b>64.7</b>	<b>12.4</b>	<b>91.2</b>	<b>9.0</b>	<b>0.9</b>	<b>9.8</b>	<b>12.8</b>	<b>7.2</b>	<b>362.2</b>
Total domestic use	119.5	49.2	8.9	73.3	7.9	0.8	7.3	11.3	4.3	<b>282.4</b>
- Human	47.8	0.4	8.0	4.8	3.0	0.2	1.1	0.1	0.0	<b>65.4</b>
- Seed	5.0	2.2	0.5	0.4	0.4	0.0	0.4	0.6	0.1	<b>9.6</b>
- Industrial	11.0	9.2	0.1	10.1	1.4	0.0	0.1	0.6	0.1	<b>32.6</b>
<i>o.w. bioethanol</i>	4.9	0.6	0.0	4.8	0.7	0.0	0.0	0.5	0.0	<b>11.5</b>
- Animal feed	55.8	37.4	0.3	57.9	3.0	0.6	5.6	10.1	4.1	<b>174.8</b>
Losses (excl on-farm)	0.9	0.4	0.0	0.6	0.1	0.0	0.1	0.1	0.0	<b>2.2</b>
Export <sup>1</sup>	23.5	8.0	1.3	3.0	0.2	0.0	0.2	0.0	0.0	<b>36.1</b>
<b>Total use</b>	<b>143.9</b>	<b>57.6</b>	<b>10.2</b>	<b>76.8</b>	<b>8.1</b>	<b>0.8</b>	<b>7.5</b>	<b>11.4</b>	<b>4.3</b>	<b>320.7</b>
<b>End stocks (30.06.2017)</b>	10.4	7.1	2.2	14.3	0.9	0.1	2.2	1.4	2.9	<b>41.5</b>
- Market	10.4	7.1	2.2	14.3	0.9	0.1	2.2	1.4	2.9	<b>41.5</b>
- Intervention	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
Change in stocks	-5.7	2.2	0.2	-3.2	-0.1	0.0	0.4	0.0	-0.1	<b>-6.3</b>
Change in public stocks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
<b>Self-sufficiency rate %</b>	112	121	94	81	100	79	110	101	96	104

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

Note: estimated export quantities for all wheat = 24.8 million t, for coarse grains = 11.3 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)	13.0	6.6	1.1	22.8	1.6	0.3	1.5	1.0	3.4	<b>51.2</b>
Gross production	152.8	61.2	8.6	58.3	7.8	0.8	7.6	12.9	3.5	<b>313.4</b>
Usable production	151.6	60.7	8.5	58.0	7.6	0.7	7.5	12.7	3.2	<b>310.5</b>
Import <sup>1</sup>	4.1	0.3	2.5	13.3	0.0	0.1	0.0	0.0	0.2	<b>20.5</b>
<b>Total availabilities</b>	<b>168.7</b>	<b>67.6</b>	<b>12.1</b>	<b>94.1</b>	<b>9.2</b>	<b>1.1</b>	<b>8.9</b>	<b>13.8</b>	<b>6.8</b>	<b>382.2</b>
Total domestic use	119.0	48.1	8.8	73.8	7.9	0.9	6.9	12.3	3.8	<b>281.4</b>
- Human	47.6	0.4	8.0	4.8	3.0	0.2	1.1	0.1	0.0	<b>65.1</b>
- Seed	5.0	2.2	0.5	0.4	0.4	0.0	0.4	0.6	0.1	<b>9.6</b>
- Industrial	10.6	9.3	0.1	10.0	1.5	0.0	0.1	0.6	0.1	<b>32.3</b>
<i>o.w. bioethanol</i>	4.5	0.7		4.7	0.8			0.5		<b>11.2</b>
- Animal feed	55.8	36.3	0.3	58.5	3.0	0.7	5.2	11.0	3.6	<b>174.4</b>
Losses (excl on-farm)	0.9	0.4	0.0	0.6	0.1	0.0	0.1	0.1	0.0	<b>2.2</b>
Export <sup>1</sup>	32.7	14.2	1.2	2.2	0.2	0.0	0.2	0.0	0.0	<b>50.8</b>
<b>Total use</b>	<b>152.6</b>	<b>62.7</b>	<b>10.1</b>	<b>76.6</b>	<b>8.2</b>	<b>0.9</b>	<b>7.1</b>	<b>12.4</b>	<b>3.8</b>	<b>334.4</b>
<b>End stocks (30.06.2016)</b>	16.1	4.9	2.0	17.5	1.0	0.2	1.8	1.4	2.9	<b>47.8</b>
- Market	16.1	4.9	2.0	17.5	1.0	0.2	1.8	1.4	2.9	<b>47.8</b>
- Intervention	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
Change in stocks	3.1	-1.7	0.9	-5.3	-0.6	-0.1	0.3	0.4	-0.4	<b>-3.4</b>
Change in public stocks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
<b>Self-sufficiency rate %</b>	127	126	96	79	96	75	109	104	85	110

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

Note: estimated export quantities for all wheat = 33.9 million t, for coarse grains = 16.8 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)	11.1	7.2	0.5	15.6	1.3	0.1	0.6	0.6	3.0	<b>40.2</b>
Gross production	149.7	60.7	7.7	77.9	9.1	0.9	7.8	13.2	4.0	<b>330.9</b>
Usable production	148.5	60.2	7.6	77.6	8.9	0.8	7.7	13.0	3.7	<b>328.0</b>
Import <sup>1</sup>	2.9	0.1	2.8	9.4	0.1	0.1	0.0	0.0	0.1	<b>15.6</b>
<b>Total availabilities</b>	<b>162.5</b>	<b>67.5</b>	<b>10.9</b>	<b>102.6</b>	<b>10.3</b>	<b>1.1</b>	<b>8.3</b>	<b>13.7</b>	<b>6.9</b>	<b>383.7</b>
Total domestic use	115.3	47.8	8.6	75.2	8.5	0.8	6.6	12.5	3.5	<b>278.7</b>
- Human	47.5	0.4	7.9	4.8	3.0	0.2	1.1	0.1	0.0	<b>65.0</b>
- Seed	5.0	2.2	0.4	0.5	0.4	0.0	0.4	0.6	0.1	<b>9.6</b>
- Industrial	10.5	9.3	0.1	10.0	1.5	0.0	0.1	0.6	0.1	<b>32.1</b>
<i>o.w. bioethanol</i>	4.4	0.7		4.7	0.8			0.5		<b>11.0</b>
- Animal feed	52.4	35.9	0.1	60.0	3.5	0.6	4.9	11.3	3.3	<b>172.0</b>
Losses (excl on-farm)	0.9	0.4	0.0	0.6	0.1	0.0	0.1	0.1	0.0	<b>2.2</b>
Export <sup>1</sup>	33.3	12.7	1.2	4.0	0.2	0.0	0.2	0.0	0.0	<b>51.7</b>
<b>Total use</b>	<b>149.5</b>	<b>60.9</b>	<b>9.8</b>	<b>79.8</b>	<b>8.7</b>	<b>0.8</b>	<b>6.9</b>	<b>12.6</b>	<b>3.5</b>	<b>332.5</b>
<b>End stocks (30.06.2013)</b>	13.0	6.6	1.1	22.8	1.6	0.3	1.5	1.0	3.4	<b>51.2</b>
- Market	13.0	6.6	1.1	22.8	1.6	0.3	1.5	1.0	3.4	<b>51.2</b>
- Intervention	0.0	0.0		0.0						<b>0.0</b>
Change in stocks	1.8	-0.6	0.6	7.2	0.2	0.2	0.8	0.4	0.4	<b>11.0</b>
Change in public stocks	0.0	0.0		0.0						<b>0.0</b>
<b>Self-sufficiency rate %</b>	129	126	89	103	105	105	117	104	108	<b>118</b>

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

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

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

	EU-28					% variation				
	2012/13	2013/14	2014/15e	2015/16f	2016/17f	15/16 vs 14/15	% 5-yr.av.	16/17 vs 15/16	% 5-yr.av.	
<b>Production</b>	<b>27.4</b>	<b>31.7</b>	<b>35.3</b>	<b>31.7</b>	<b>30.3</b>	<b>-10.3</b>	<b>6.0</b>	<b>-4.3</b>	<b>-1.7</b>	
Rape	19.3	21.0	24.3	21.6	19.9	-11.1	6.3	-7.6	-3.3	
Soybean	1.0	1.2	1.8	2.3	2.1	24.2	86.1	-6.8	48.5	
Sunflower	7.2	9.5	9.2	7.8	8.3	-15.1	-6.2	5.5	-3.6	
<b>Total domestic use</b>	<b>44.1</b>	<b>47.8</b>	<b>48.8</b>	<b>49.3</b>	<b>46.4</b>	<b>1.0</b>	<b>8.7</b>	<b>-5.9</b>	<b>-1.1</b>	
Rape	23.2	24.1	25.9	24.7	22.5	-4.9	5.0	-8.6	-6.0	
<i>of which crushing</i>	22.3	23.4	25.1	23.8	21.8	-5.2	4.9	-8.3	-5.8	
Soybean	13.7	14.6	14.0	16.7	15.8	19.2	19.3	-4.9	12.3	
<i>of which crushing</i>	12.3	13.1	12.5	14.9	14.2	19.5	19.0	-4.9	12.2	
Sunflower	7.2	9.1	8.9	8.0	8.0	-10.2	-0.7	0.2	-3.6	
<i>of which crushing</i>	6.3	8.0	7.9	7.0	7.1	-11.1	-1.1	1.0	-3.5	
<b>Imports</b>	<b>16.0</b>	<b>17.4</b>	<b>15.4</b>	<b>18.4</b>	<b>17.1</b>	<b>20.0</b>	<b>15.1</b>	<b>-7.1</b>	<b>4.2</b>	
Rape	3.4	3.5	2.4	3.5	3.0	48.3	10.4	-12.9	-11.9	
Soybean	12.4	13.5	12.8	14.5	13.7	13.5	13.6	-5.5	6.2	
Sunflower	0.2	0.3	0.3	0.5	0.4	83.4	62.0	-15.5	36.9	
<b>Exports</b>	<b>0.6</b>	<b>1.1</b>	<b>1.3</b>	<b>0.9</b>	<b>1.2</b>	<b>-30.7</b>	<b>-3.9</b>	<b>30.6</b>	<b>22.2</b>	
Rape	0.1	0.3	0.6	0.3	0.5	-40.6	60.3	39.1	84.7	
Soybean	0.1	0.1	0.1	0.1	0.1	23.7	78.4	-27.9	13.6	
Sunflower	0.4	0.7	0.6	0.4	0.6	-31.5	-32.4	44.4	2.0	
<b>End stocks</b>	<b>2.4</b>	<b>2.6</b>	<b>3.2</b>	<b>3.1</b>	<b>2.9</b>	<b>-3.2</b>	<b>0.0</b>	<b>-4.4</b>	<b>0.0</b>	
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	
<b>Self-suff. rate %</b>	62	66	72	64	65					

Table 5.9 EU oilmeals balance sheets (million t)

	EU-28					% variation			
	2012/13	2013/14	2014/15e	2015/16f	2016/17f	% vs 15/14	% 5-yr.av.	% vs 16/15	% 5-yr.av.
<b>Production</b>	<b>25.9</b>	<b>28.2</b>	<b>28.5</b>	<b>29.2</b>	<b>27.5</b>	<b>2.4</b>	<b>9.2</b>	<b>-5.7</b>	<b>0.1</b>
Rape	12.7	13.4	14.3	13.6	12.4	-5.2	4.9	-8.3	-5.8
Soybean	9.7	10.4	9.9	11.8	11.2	19.5	19.0	-4.9	12.2
Sunflower	3.4	4.4	4.3	3.9	3.9	-11.1	-1.1	1.0	-3.5
<b>Total domestic use</b>	<b>45.9</b>	<b>49.5</b>	<b>49.4</b>	<b>51.7</b>	<b>51.7</b>	<b>4.6</b>	<b>4.6</b>	<b>0.0</b>	<b>4.7</b>
Rape	12.8	13.4	14.3	13.5	12.4	-5.9	3.8	-8.0	-6.4
Soybean	26.0	28.7	27.8	31.3	32.0	12.8	9.0	2.3	11.5
Sunflower	7.1	7.4	7.3	6.8	7.2	-6.1	-4.4	5.6	0.9
<b>Imports</b>	<b>21.1</b>	<b>22.1</b>	<b>22.0</b>	<b>23.5</b>	<b>25.1</b>	<b>6.9</b>	<b>3.0</b>	<b>6.9</b>	<b>11.5</b>
Rape	0.4	0.5	0.5	0.4	0.4	-9.7	10.3	4.2	0.0
Soybean	17.0	18.5	18.3	19.8	21.1	8.6	2.5	6.4	11.9
Sunflower	3.7	3.1	3.2	3.2	3.6	-0.4	-0.7	10.7	8.8
<b>Exports</b>	<b>1.1</b>	<b>0.9</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>-0.4</b>	<b>1.1</b>	<b>-4.1</b>	<b>-6.0</b>
Rape	0.3	0.4	0.4	0.5	0.4	13.6	53.7	-5.1	26.3
Soybean	0.7	0.3	0.3	0.3	0.3	-3.2	-41.5	-4.8	-34.7
Sunflower	0.1	0.2	0.3	0.2	0.2	-17.8	61.3	-1.0	25.0
<b>End stocks</b>	<b>0.6</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.0</b>	<b>-3.2</b>	<b>-3.3</b>	<b>-6.5</b>
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
<b>Self-suff. rate %</b>	<b>56</b>	<b>57</b>	<b>58</b>	<b>57</b>	<b>53</b>				

Table 5.10 EU vegetable oils balance sheets (million t)

	EU-28					% variation			
	2012/13	2013/14	2014/15e	2015/16f	2016/17f	% vs 15/14	% 5-yr.av.	% vs 16/15	% 5-yr.av.
<b>Production</b>	<b>14.2</b>	<b>15.6</b>	<b>16.1</b>	<b>15.7</b>	<b>14.8</b>	<b>-2.6</b>	<b>6.7</b>	<b>-5.9</b>	<b>-2.8</b>
Rape	9.1	9.6	10.3	9.7	8.9	-5.2	4.9	-8.3	-5.8
Soybean	2.5	2.6	2.5	3.0	2.8	19.5	19.0	-4.9	12.2
Sunflower	2.6	3.4	3.3	2.9	3.0	-11.1	-1.1	1.0	-3.5
Palm	0.0	0.0	0.0	0.0	0.0				
<b>Total domestic use</b>	<b>20.0</b>	<b>22.0</b>	<b>22.5</b>	<b>22.8</b>	<b>21.3</b>	<b>1.2</b>	<b>9.0</b>	<b>-6.7</b>	<b>-1.7</b>
Rape	8.9	9.4	10.2	9.6	8.8	-5.8	2.8	-8.5	-6.8
Soybean	1.7	2.1	1.8	2.3	2.2	27.3	12.5	-4.1	7.9
Sunflower	3.5	3.8	3.9	3.9	3.6	0.3	7.8	-8.4	-5.3
Palm	6.0	6.7	6.6	6.9	6.6	5.3	17.3	-4.1	3.8
<b>Imports</b>	<b>7.6</b>	<b>8.4</b>	<b>8.3</b>	<b>8.9</b>	<b>8.3</b>	<b>7.1</b>	<b>14.6</b>	<b>-6.4</b>	<b>3.0</b>
Rape	0.2	0.3	0.3	0.2	0.2	-24.2	-43.4	22.8	-5.1
Soybean	0.3	0.3	0.3	0.3	0.3	17.1	-17.8	-5.3	-3.4
Sunflower	1.1	0.9	1.0	1.3	1.0	36.8	46.6	-22.7	6.8
Palm	6.1	6.9	6.8	7.0	6.8	3.6	15.9	-4.2	2.7
<b>Exports</b>	<b>1.8</b>	<b>1.6</b>	<b>1.9</b>	<b>1.8</b>	<b>1.8</b>	<b>-2.8</b>	<b>15.5</b>	<b>-2.7</b>	<b>0.1</b>
Rape	0.5	0.3	0.4	0.3	0.4	-2.9	16.2	2.0	5.0
Soybean	1.0	0.8	0.9	1.0	0.9	3.4	21.9	-6.8	-1.3
Sunflower	0.2	0.3	0.4	0.4	0.4	-10.8	48.8	-0.7	19.8
Palm	0.1	0.1	0.2	0.1	0.1	-17.8	-22.0	9.1	-3.9
<b>End stocks</b>	<b>1.2</b>	<b>1.6</b>	<b>1.6</b>	<b>1.5</b>	<b>1.5</b>	<b>-3.2</b>	<b>14.1</b>	<b>2.2</b>	<b>8.9</b>
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
<b>Self-suff. rate %</b>	<b>71</b>	<b>71</b>	<b>71</b>	<b>69</b>	<b>69</b>				

## SUGAR BALANCE

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

	EU-27	EU-28				% variation
	2012/2013	2013/2014	2014/2015	2015/2016e	2016/2017f	vs. 15/16
Beginning stocks	2.4	3.2	2.6	3.9	1.2	-68%
White sugar production	17.4	16.7	19.5	14.9	16.9	14%
Imports	3.9	3.7	2.9	2.9	3.4	19%
<b>Availabilities</b>	<b>23.6</b>	<b>23.6</b>	<b>25.0</b>	<b>21.7</b>	<b>21.6</b>	0%
Total domestic uses white sugar	18.9	19.5	19.6	19.0	19.2	1%
- Human	16.6	17.5	17.0	16.8	17.0	1%
- Industrial	2.3	2.0	2.6	2.2	2.2	4%
<i>o.w. bioethanol</i>	1.5	1.2	1.8	1.4	1.5	9%
Exports	1.5	1.5	1.4	1.4	1.4	-1%
<b>Total uses</b>	<b>20.5</b>	<b>21.0</b>	<b>21.0</b>	<b>20.4</b>	<b>20.6</b>	1%
<b>End stocks</b>	3.2	2.6	3.9	1.2	1.0	-22%
- Market	3.2	2.6	3.9	1.2	1.0	-22%
- Intervention	0.0	0.0	0.0	0.0	0.0	
<b>Self-sufficiency rate %</b>	92%	86%	99%	78%	88%	13%
Sugar beet production	113.9	109.0	131.0	101.8	110.1	8%

## MILK AND DAIRY PRODUCTS

Table 5.12 Milk supply and utilisation in the EU-28

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Dairy cows (million heads)<sup>1</sup></b>	<b>23.0</b>	<b>23.3</b>	<b>23.3</b>	<b>23.4</b>	<b>23.1</b>	<b>22.8</b>	<b>0.9</b>	<b>0.3</b>	<b>0.2</b>	<b>-1.2</b>	<b>-1.5</b>
of which EU-15	17.6	17.8	17.9	18.1	18.1	17.9	1.5	0.7	1.2	-0.5	-0.9
of which EU-N13	5.5	5.4	5.4	5.2	5.0	4.9	-0.9	-1.0	-3.1	-3.5	-3.5
<b>Milk yield (kg/dairy cow)<sup>2</sup></b>	<b>6 496</b>	<b>6 489</b>	<b>6 739</b>	<b>6 859</b>	<b>6 984</b>	<b>7 108</b>	<b>-0.1</b>	<b>3.9</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>
of which EU-15	7 082	7 040	7 275	7 356	7 442	7 530	-0.6	3.3	1.1	1.2	1.2
of which EU-N13	4 621	4 684	4 951	5 130	5 341	5 554	1.4	5.7	3.6	4.1	4.0
<b>Milk production (million t)</b>	<b>152.7</b>	<b>153.9</b>	<b>159.8</b>	<b>162.9</b>	<b>163.9</b>	<b>164.2</b>	<b>0.8</b>	<b>3.8</b>	<b>1.9</b>	<b>0.6</b>	<b>0.2</b>
of which EU-15	124.5	125.7	130.7	133.7	134.6	135.0	0.9	4.1	2.3	0.7	0.3
of which EU-N13	28.2	28.3	29.0	29.2	29.3	29.3	0.3	2.6	0.4	0.4	0.0
Feed use (million t)	3.5	3.5	3.6	3.5	3.5	3.5	2.3	3.0	-4.1	1.4	-1.8
On farm use and direct sales (mio t)	8.3	8.5	7.7	7.2	7.2	6.8	2.5	-9.6	-6.2	-0.6	-4.4
<b>Delivered to dairies (million t)</b>	<b>141.0</b>	<b>141.9</b>	<b>148.4</b>	<b>152.2</b>	<b>153.2</b>	<b>153.9</b>	<b>0.7</b>	<b>4.6</b>	<b>2.5</b>	<b>0.6</b>	<b>0.5</b>
of which EU-15	121.0	122.0	127.4	130.8	131.6	132.1	0.9	4.4	2.6	0.6	0.4
of which EU-N13	20.0	19.9	21.0	21.4	21.6	21.8	-0.7	5.8	1.9	0.9	1.0
<b>Delivery ratio (%)<sup>3</sup></b>	<b>92.3</b>	<b>92.2</b>	<b>92.9</b>	<b>93.4</b>	<b>93.5</b>	<b>93.7</b>	<b>-0.1</b>	<b>0.8</b>	<b>0.6</b>	<b>0.0</b>	<b>0.3</b>
of which EU-15	97.1	97.1	97.5	97.8	97.7	97.9	0.0	0.4	0.3	-0.1	0.1
of which EU-N13	71.0	70.2	72.4	73.4	73.8	74.5	-1.1	3.1	1.5	0.5	1.0
Fat content of milk (%)	4.03	4.03	3.99	4.00	4.00	4.00	-0.1	-0.9	0.2	0.0	0.0
Protein content of milk (%)	3.36	3.36	3.36	3.36	3.36	3.36	-0.1	0.2	0.0	0.0	0.0

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

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

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

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

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Production</b>	<b>46 706</b>	<b>46 773</b>	<b>46 480</b>	<b>46 941</b>	<b>46 710</b>	<b>46 752</b>	<b>0.1</b>	<b>-0.6</b>	<b>1.0</b>	<b>-0.5</b>	<b>0.1</b>
of which Drinking Milk	31 751	31 767	31 404	31 346	30 950	30 795	0.0	-1.1	-0.2	-1.3	-0.5
of which Cream	2 508	2 575	2 624	2 714	2 708	2 790	2.7	1.9	3.5	-0.2	3.0
of which Acidified Milk	8 130	8 076	7 969	8 055	8 021	8 061	-0.7	-1.3	1.1	-0.4	0.5
of which Other Fresh Products <sup>2</sup>	4 317	4 354	4 483	4 826	5 031	5 107	0.9	3.0	7.6	4.3	1.5
of which EU-15	40 427	40 384	40 069	40 343	39 980	39 820	-0.1	-0.8	0.7	-0.9	-0.4
of which EU-N13	6 279	6 389	6 410	6 598	6 730	6 932	1.7	0.3	2.9	2.0	3.0
<b>Imports (extra EU)</b>	<b>46</b>	<b>33</b>	<b>19</b>	<b>12</b>	<b>13</b>	<b>13</b>	<b>-28</b>	<b>-43</b>	<b>-36</b>	<b>10</b>	<b>0</b>
<b>Exports (extra EU)</b>	<b>574</b>	<b>632</b>	<b>771</b>	<b>906</b>	<b>1 177</b>	<b>1 354</b>	<b>10.1</b>	<b>22</b>	<b>18</b>	<b>30</b>	<b>15</b>
<b>Domestic use<sup>1</sup></b>	<b>46 177</b>	<b>46 173</b>	<b>45 728</b>	<b>46 048</b>	<b>45 546</b>	<b>45 412</b>	<b>0.0</b>	<b>-1.0</b>	<b>0.7</b>	<b>-1.1</b>	<b>-0.3</b>
p.c. consumption (kg)	91.4	91.2	90.1	90.4	89.1	88.6	-0.2	-1.2	0.4	-1.4	-0.6
<b>Self-sufficiency rate (%)</b>	<b>101</b>	<b>101</b>	<b>102</b>	<b>102</b>	<b>103</b>	<b>103</b>					

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

<sup>2</sup> Includes buttermilk, drinks with milk base and other fresh commodities.

Note: The figures on imports and exports are referring to total trade, i.e. including inward processing.



**Table 5.14 EU-28 cheese market balance (1000 tonnes)**

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Production (in dairies)</b>	<b>9 280</b>	<b>9 011</b>	<b>9 213</b>	<b>9 550</b>	<b>9 648</b>	<b>9 744</b>	<b>-2.9</b>	<b>2.2</b>	<b>3.7</b>	<b>1.0</b>	<b>1.0</b>
of which from pure cow's milk	8 551	8 298	8 478	8 703	8 783	8 860	-3.0	2.2	2.7	0.9	0.9
of which from other milk <sup>1</sup>	729	713	735	847	865	884	-2.3	3.1	15.2	2.2	2.2
EU-15 (in dairies)	7 949	7 661	7 843	8 122	8 193	8 261	-3.6	2.4	3.6	0.9	0.8
EU-N13 (in dairies)	1 331	1 350	1 370	1 428	1 455	1 483	1.4	1.5	4.2	1.9	1.9
Processed cheese impact <sup>2</sup>	326	358	350	343	347	347	9.8	-2.3	-1.9	1.2	0.0
<b>Total production</b>	<b>9 606</b>	<b>9 369</b>	<b>9 563</b>	<b>9 893</b>	<b>9 996</b>	<b>10 091</b>	<b>-2.5</b>	<b>2.1</b>	<b>3.5</b>	<b>1.0</b>	<b>1.0</b>
<b>Imports (extra EU)<sup>3</sup></b>	<b>77</b>	<b>75</b>	<b>77</b>	<b>61</b>	<b>74</b>	<b>77</b>	<b>-2.7</b>	<b>2.5</b>	<b>-20</b>	<b>20.0</b>	<b>5.0</b>
<b>Exports (extra EU)</b>	<b>766</b>	<b>784</b>	<b>720</b>	<b>718</b>	<b>783</b>	<b>798</b>	<b>2.3</b>	<b>-8.1</b>	<b>-0.2</b>	<b>9.0</b>	<b>2.0</b>
<b>Total domestic use</b>	<b>8 917</b>	<b>8 660</b>	<b>8 920</b>	<b>9 237</b>	<b>9 287</b>	<b>9 370</b>	<b>-2.9</b>	<b>3.0</b>	<b>3.6</b>	<b>0.5</b>	<b>0.9</b>
<b>Stock changes</b>	<b>0</b>	<b>0</b>	<b>45</b>	<b>30</b>	<b>- 20</b>	<b>- 50</b>					
Processing use	288	311	306	303	303	303	8.2	-1.6	-1.2	0.0	0.0
Human consumption	8 629	8 349	8 568	8 904	9 004	9 118	-3.3	2.6	3.9	1.1	1.3
of which EU-15	7 363	7 068	7 240	7 497	7 567	7 636	-4.0	2.4	3.6	0.9	0.9
of which EU-N13	1 266	1 281	1 328	1 407	1 437	1 481	1.2	3.7	5.9	2.2	3.1
p.c. consumption (kg)	17.1	16.5	16.9	17.5	17.6	17.8	-3.5	2.4	3.6	0.8	1.0
<b>Self-sufficiency rate (%)</b>	<b>108</b>	<b>108</b>	<b>107</b>	<b>107</b>	<b>108</b>	<b>108</b>					

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

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

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

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

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Production</b>	<b>659</b>	<b>732</b>	<b>766</b>	<b>735</b>	<b>735</b>	<b>735</b>	<b>11.1</b>	<b>4.6</b>	<b>-4.1</b>	<b>0.0</b>	<b>0.0</b>
of which EU-15	595	666	694	670	670	670	11.8	4.3	-3.5	0.0	0.0
of which EU-N13	64	67	72	64	64	64	4.0	7.6	-10.0	0.0	0.0
<b>Imports</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>4</b>	<b>7</b>	<b>5</b>	<b>27</b>	<b>-60</b>	<b>190</b>	<b>75</b>	<b>-29</b>
<b>Exports</b>	<b>386</b>	<b>374</b>	<b>390</b>	<b>400</b>	<b>408</b>	<b>408</b>	<b>-3.1</b>	<b>4.2</b>	<b>2.7</b>	<b>2.0</b>	<b>0.0</b>
<b>Domestic Use<sup>1</sup></b>	<b>276</b>	<b>362</b>	<b>378</b>	<b>339</b>	<b>334</b>	<b>332</b>	<b>31.1</b>	<b>4.5</b>	<b>-10.3</b>	<b>-1.5</b>	<b>-0.6</b>
<b>Self-sufficiency rate (%)</b>	<b>239</b>	<b>202</b>	<b>203</b>	<b>217</b>	<b>220</b>	<b>222</b>					

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

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

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Production</b>	<b>1 109</b>	<b>1 108</b>	<b>1 457</b>	<b>1 534</b>	<b>1 602</b>	<b>1 508</b>	<b>0.0</b>	<b>31</b>	<b>5.3</b>	<b>4.4</b>	<b>-5.9</b>
of which EU-15	953	958	1 235	1 321	1 379	1 296	0.5	29	7.0	4.4	-6.0
of which EU-N13	156	150	222	213	223	212	-3.3	48	-3.9	4.5	-5.0
<b>Imports (extra EU)</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>5</b>	<b>202</b>	<b>-54</b>	<b>50</b>	<b>30</b>	<b>0</b>
<b>Exports (extra EU)</b>	<b>520</b>	<b>407</b>	<b>648</b>	<b>690</b>	<b>621</b>	<b>733</b>	<b>-22</b>	<b>59</b>	<b>6.5</b>	<b>-10</b>	<b>18</b>
<b>Domestic use</b>	<b>677</b>	<b>697</b>	<b>721</b>	<b>739</b>	<b>760</b>	<b>780</b>	<b>2.9</b>	<b>3.5</b>	<b>2.5</b>	<b>2.8</b>	<b>2.7</b>
<b>Ending stocks</b>	<b>70</b>	<b>80</b>	<b>170</b>	<b>279</b>	<b>505</b>	<b>505</b>					
Private (industry)	70	80	170	250	135	135					
Public (intervention)	0	0	0	29	370	370					
Stock changes	- 87	10	90	109	226	0					
<b>Self sufficiency rate (%)</b>	<b>164</b>	<b>159</b>	<b>202</b>	<b>208</b>	<b>211</b>	<b>193</b>					

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

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Production</b>	<b>2 167</b>	<b>2 127</b>	<b>2 237</b>	<b>2 358</b>	<b>2 429</b>	<b>2 453</b>	<b>-1.9</b>	<b>5.2</b>	<b>5.4</b>	<b>3.0</b>	<b>1.0</b>
of which EU-15	1 918	1 877	1 976	2 079	2 141	2 163	-2.1	5.3	5.2	3.0	1.0
of which EU-N13	250	250	261	279	287	290	0.2	4.2	6.9	3.0	1.0
<b>Imports</b>	<b>33</b>	<b>21</b>	<b>25</b>	<b>3</b>	<b>4</b>	<b>8</b>	<b>-36</b>	<b>23</b>	<b>-89</b>	<b>50</b>	<b>100</b>
<b>Exports</b>	<b>123</b>	<b>113</b>	<b>134</b>	<b>171</b>	<b>214</b>	<b>231</b>	<b>-8.1</b>	<b>19</b>	<b>28</b>	<b>25</b>	<b>8</b>
<b>Domestic use</b>	<b>2 057</b>	<b>2 040</b>	<b>2 098</b>	<b>2 180</b>	<b>2 229</b>	<b>2 270</b>	<b>-0.8</b>	<b>2.9</b>	<b>3.9</b>	<b>2.3</b>	<b>1.9</b>
p.c. consumption (kg)	4.1	4.0	4.1	4.3	4.4	4.4	-1.0	2.6	3.6	1.9	1.6
<b>Ending stocks</b>	<b>100</b>	<b>95</b>	<b>125</b>	<b>135</b>	<b>125</b>	<b>100</b>					
Private	100	95	125	135	125	100					
Public (intervention)	0	0	0	0	0	0					
Stock changes	20	- 5	30	10	- 10	- 40					
<b>Self-sufficiency rate (%)</b>	<b>105</b>	<b>104</b>	<b>107</b>	<b>108</b>	<b>109</b>	<b>108</b>					

Note: Data refer to butter, butter oil and other yellow fat products expressed in butter equivalent. Figures on imports and exports do not include inward/outward processing.

## MEAT

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

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Gross Indigenous Production</b>	<b>44 048</b>	<b>43 592</b>	<b>44 429</b>	<b>46 014</b>	<b>47 082</b>	<b>47 181</b>	<b>-1.0</b>	<b>1.9</b>	<b>3.6</b>	<b>2.3</b>	<b>0.2</b>
Live Imports	1	1	2	2	2	2					
Live Exports	232	179	197	247	309	312	-22.8	10.3	25.1	25.3	0.8
<b>Net Production</b>	<b>43 818</b>	<b>43 414</b>	<b>44 234</b>	<b>45 769</b>	<b>46 775</b>	<b>46 871</b>	<b>-0.9</b>	<b>1.9</b>	<b>3.5</b>	<b>2.2</b>	<b>0.2</b>
EU-15	36 725	36 368	36 728	37 698	38 303	38 275	-1.0	1.0	2.6	1.6	-0.1
EU-N13	7 092	7 046	7 505	8 071	8 472	8 596	-0.7	6.5	7.5	5.0	1.5
<b>Meat Imports</b>	<b>1 326</b>	<b>1 310</b>	<b>1 332</b>	<b>1 366</b>	<b>1 423</b>	<b>1 452</b>	<b>-1.1</b>	<b>1.6</b>	<b>2.5</b>	<b>4.2</b>	<b>2.0</b>
<b>Meat Exports</b>	<b>3 691</b>	<b>3 687</b>	<b>3 507</b>	<b>3 761</b>	<b>4 441</b>	<b>4 340</b>	<b>-0.1</b>	<b>-4.9</b>	<b>7.2</b>	<b>18.1</b>	<b>-2.3</b>
<b>Consumption</b>	<b>41 452</b>	<b>41 038</b>	<b>42 058</b>	<b>43 374</b>	<b>43 756</b>	<b>43 983</b>	<b>-1.0</b>	<b>2.5</b>	<b>3.1</b>	<b>0.9</b>	<b>0.5</b>
Population (mio)	507	507	509	510	512	513	0.1	0.3	0.3	0.3	0.3
<b>Per Capita Consumption<sup>1</sup> (kg)</b>	<b>65.2</b>	<b>64.5</b>	<b>66.0</b>	<b>67.9</b>	<b>68.3</b>	<b>68.5</b>	<b>-1.0</b>	<b>2.3</b>	<b>2.8</b>	<b>0.6</b>	<b>0.3</b>
<b>Self-sufficiency rate %</b>	<b>106</b>	<b>106</b>	<b>106</b>	<b>106</b>	<b>108</b>	<b>107</b>					

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

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

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Gross Indigenous Production</b>	<b>7 862</b>	<b>7 497</b>	<b>7 664</b>	<b>7 893</b>	<b>8 150</b>	<b>8 146</b>	<b>-4.6</b>	<b>2.2</b>	<b>3.0</b>	<b>3.3</b>	<b>-0.1</b>
Live Imports	0	0	0	0	0	0					
Live Exports	159	109	114	178	235	235	-31.6	5.3	55.6	32.0	0.0
<b>Net Production</b>	<b>7 703</b>	<b>7 388</b>	<b>7 549</b>	<b>7 715</b>	<b>7 916</b>	<b>7 911</b>	<b>-4.1</b>	<b>2.2</b>	<b>2.2</b>	<b>2.6</b>	<b>-0.1</b>
EU-15	6 950	6 681	6 765	6 838	6 975	6 961	-3.9	1.3	1.1	2.0	-0.2
EU-N13	753	707	784	877	941	950	-6.1	10.9	11.8	7.3	1.0
<b>Meat Imports</b>	<b>275</b>	<b>304</b>	<b>308</b>	<b>300</b>	<b>309</b>	<b>318</b>	<b>10.6</b>	<b>1.4</b>	<b>-2.5</b>	<b>3.0</b>	<b>3.0</b>
<b>Meat Exports</b>	<b>209</b>	<b>160</b>	<b>206</b>	<b>207</b>	<b>227</b>	<b>232</b>	<b>-23.2</b>	<b>28.3</b>	<b>0.5</b>	<b>10.0</b>	<b>2.0</b>
<b>Consumption</b>	<b>7 769</b>	<b>7 531</b>	<b>7 651</b>	<b>7 808</b>	<b>7 997</b>	<b>7 997</b>	<b>-3.1</b>	<b>1.6</b>	<b>2.0</b>	<b>2.4</b>	<b>0.0</b>
<b>Per Capita Consumption<sup>1</sup> (kg)</b>	<b>10.7</b>	<b>10.4</b>	<b>10.5</b>	<b>10.7</b>	<b>10.9</b>	<b>10.9</b>	<b>-3.2</b>	<b>1.3</b>	<b>1.7</b>	<b>2.1</b>	<b>-0.3</b>
Share in total meat cons. (%)	18.7	18.4	18.2	18.0	18.3	18.2					
<b>Self-sufficiency rate (%)</b>	<b>101</b>	<b>100</b>	<b>100</b>	<b>101</b>	<b>102</b>	<b>102</b>					

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

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

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Gross Indigenous Production</b>	<b>22 554</b>	<b>22 385</b>	<b>22 569</b>	<b>23 384</b>	<b>23 629</b>	<b>23 547</b>	<b>-0.8</b>	<b>0.8</b>	<b>3.6</b>	<b>1.0</b>	<b>-0.3</b>
Live Imports	.08	.05	.11	.25	.3	.3					
Live Exports	36	26	36	21	13	13	-27.3	36.2	-42.0	-35.0	0.0
<b>Net Production</b>	<b>22 519</b>	<b>22 359</b>	<b>22 534</b>	<b>23 364</b>	<b>23 616</b>	<b>23 534</b>	<b>-0.7</b>	<b>0.8</b>	<b>3.7</b>	<b>1.1</b>	<b>-0.3</b>
<i>EU-15</i>	19 127	19 055	19 075	19 756	19 953	19 853	-0.4	0.1	3.6	1.0	-0.5
<i>EU-N13</i>	3 391	3 304	3 459	3 608	3 662	3 681	-2.6	4.7	4.3	1.5	0.5
<b>Meat Imports</b>	<b>19</b>	<b>15</b>	<b>14</b>	<b>11</b>	<b>13</b>	<b>13</b>	<b>-20.6</b>	<b>-8.3</b>	<b>-19.7</b>	<b>12.0</b>	<b>-1.0</b>
<b>Meat Exports</b>	<b>2 151</b>	<b>2 198</b>	<b>1 939</b>	<b>2 189</b>	<b>2 714</b>	<b>2 578</b>	<b>2.1</b>	<b>-11.8</b>	<b>12.9</b>	<b>24.0</b>	<b>-5.0</b>
<b>Consumption</b>	<b>20 387</b>	<b>20 177</b>	<b>20 609</b>	<b>21 186</b>	<b>20 914</b>	<b>20 968</b>	<b>-1.0</b>	<b>2.1</b>	<b>2.8</b>	<b>-1.3</b>	<b>0.3</b>
<b>Per Capita Consumption<sup>1</sup> (kg)</b>	<b>31.4</b>	<b>31.0</b>	<b>31.6</b>	<b>32.4</b>	<b>31.9</b>	<b>31.9</b>	<b>-1.2</b>	<b>1.9</b>	<b>2.5</b>	<b>-1.6</b>	<b>0.0</b>
<i>Share in total meat cons. (%)</i>	<b>49.2</b>	<b>49.2</b>	<b>49.0</b>	<b>48.8</b>	<b>47.8</b>	<b>47.7</b>					
<b>Self-sufficiency rate (%)</b>	<b>111</b>	<b>111</b>	<b>110</b>	<b>110</b>	<b>113</b>	<b>112</b>					

<sup>1</sup> In retail weight. Coefficient to transform carcass weight into retail weight is 0.78 for pigmeat.

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

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Gross Indigenous Production</b>	<b>12 703</b>	<b>12 792</b>	<b>13 280</b>	<b>13 780</b>	<b>14 324</b>	<b>14 502</b>	<b>0.7</b>	<b>3.8</b>	<b>3.8</b>	<b>3.9</b>	<b>1.2</b>
Live Imports	1	1	1	1	2	2					
Live Exports	10	10	11	10	10	10	2.4	5.7	-3.3	-5.0	0.0
<b>Net Production</b>	<b>12 694</b>	<b>12 783</b>	<b>13 270</b>	<b>13 771</b>	<b>14 315</b>	<b>14 494</b>	<b>0.7</b>	<b>3.8</b>	<b>3.8</b>	<b>4.0</b>	<b>1.2</b>
<i>EU-15</i>	9 833	9 829	10 092	10 299	10 569	10 654	0.0	2.7	2.0	2.6	0.8
<i>EU-N13</i>	2 862	2 954	3 178	3 472	3 746	3 840	3.2	7.6	9.3	7.9	2.5
<b>Meat Imports</b>	<b>841</b>	<b>791</b>	<b>821</b>	<b>852</b>	<b>895</b>	<b>912</b>	<b>-5.9</b>	<b>3.8</b>	<b>3.8</b>	<b>5.0</b>	<b>2.0</b>
<b>Meat Exports</b>	<b>1 306</b>	<b>1 293</b>	<b>1 331</b>	<b>1 346</b>	<b>1 480</b>	<b>1 510</b>	<b>-1.0</b>	<b>2.9</b>	<b>1.1</b>	<b>10.0</b>	<b>2.0</b>
<b>Consumption</b>	<b>12 229</b>	<b>12 282</b>	<b>12 761</b>	<b>13 277</b>	<b>13 730</b>	<b>13 896</b>	<b>0.4</b>	<b>3.9</b>	<b>4.0</b>	<b>3.4</b>	<b>1.2</b>
<b>Per Capita Consumption<sup>1</sup> (kg)</b>	<b>21.2</b>	<b>21.3</b>	<b>22.1</b>	<b>22.9</b>	<b>23.6</b>	<b>23.8</b>	<b>0.3</b>	<b>3.6</b>	<b>3.7</b>	<b>3.1</b>	<b>0.9</b>
<i>Share in total meat cons. (%)</i>	<b>29.5</b>	<b>29.9</b>	<b>30.3</b>	<b>30.6</b>	<b>31.4</b>	<b>31.6</b>					
<b>Self-sufficiency rate (%)</b>	<b>104</b>	<b>104</b>	<b>104</b>	<b>104</b>	<b>104</b>	<b>104</b>					

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

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

	EU-28						% variation				
	2012	2013	2014	2015e	2016f	2017f	13/12	14/13	15/14	16/15	17/16
<b>Gross Indigenous Production</b>	<b>928</b>	<b>918</b>	<b>917</b>	<b>957</b>	<b>979</b>	<b>986</b>	<b>-1.2</b>	<b>-0.1</b>	<b>4.4</b>	<b>2.4</b>	<b>0.7</b>
Live Imports	0	0	0	0	0	0					
Live Exports	27	34	36	38	51	53	26.1	7.7	3.4	35.0	5.0
<b>Net Production</b>	<b>902</b>	<b>884</b>	<b>881</b>	<b>919</b>	<b>929</b>	<b>933</b>	<b>-2.0</b>	<b>-0.4</b>	<b>4.4</b>	<b>1.0</b>	<b>0.4</b>
<i>of which on-farm slaughterings</i>	141	124	128	150	148	147	-11.9	3.3	17.0	-1.0	-1.0
<i>EU-15</i>	815	803	796	806	805	807	-1.5	-0.8	1.2	-0.1	0.2
<i>EU-N13</i>	86	81	84	113	123	126	-6.4	4.4	34.5	8.8	2.0
<b>Meat Imports</b>	<b>190</b>	<b>200</b>	<b>189</b>	<b>202</b>	<b>206</b>	<b>209</b>	<b>5.0</b>	<b>-5.6</b>	<b>7.3</b>	<b>2.0</b>	<b>1.0</b>
<b>Meat Exports</b>	<b>24</b>	<b>36</b>	<b>32</b>	<b>20</b>	<b>19</b>	<b>20</b>	<b>48.3</b>	<b>-11.2</b>	<b>-37.7</b>	<b>-2.0</b>	<b>3.0</b>
<b>Consumption</b>	<b>1 068</b>	<b>1 048</b>	<b>1 037</b>	<b>1 102</b>	<b>1 116</b>	<b>1 121</b>	<b>-1.9</b>	<b>-1.0</b>	<b>6.2</b>	<b>1.3</b>	<b>0.5</b>
<b>Per Capita Consumption<sup>1</sup> (kg)</b>	<b>1.9</b>	<b>1.8</b>	<b>1.8</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>-2.0</b>	<b>-1.2</b>	<b>5.9</b>	<b>0.9</b>	<b>0.2</b>
<i>Share in total meat cons. (%)</i>	<b>2.6</b>	<b>2.6</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>					
<b>Self-sufficiency rate (%)</b>	<b>87</b>	<b>88</b>	<b>88</b>	<b>87</b>	<b>88</b>	<b>88</b>					

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

## 6. METHODOLOGY

This outlook takes into account the most recent macroeconomic information and the domestic and international market developments and expectations. Data is subject to retrospective review.

The balance sheets refer to five calendar years for meat and dairy and five marketing years for crops (July/June). Crop marketing years start with the harvest. Thus, area, yield and production figures of crops refer to the year of harvest.

### Sources

- Eurostat
  - Agricultural production yearly for historical data and monthly data for previous and current year for meat and dairy production.
  - Farm livestock survey.
  - Gross Indigenous Production (GIP) forecast for meat.
  - Early estimates for crop products.
- Comext database (extra-EU trade statistics).
- Weekly commodity prices communicated to DG Agriculture and Rural Development by the Member States.

Production projections for current and next year are based, depending on the sector, on Eurostat monthly data, official estimates of ministries or national statistical institutes, and on the Crop Monitoring and Yield Forecasting projections (JRC MARS AGRI4CAST<sup>13</sup>), in the case of cereals; on expert forecasts for Gross Indigenous Production (in heads) sent by Member States (MS) to Eurostat in the case of meat; on monthly milk deliveries for dairy.

The projected external trade figures are derived from the latest monthly data available by applying trends and annual profiles as well as from trade licences and import quotas, when applicable.

### Arable crops

Crop areas: For MS in which data is not yet available, a percentage variation is estimated on the basis of those MS which communicated data or area is estimated through the trimmed average of the last five marketing years or assuming no changes compared to the previous year.

Yields: MS estimates or AGRI4CAST projections are used if available. If these data are not available, preferably the yield trend from 2000 to the present is retained, otherwise the trimmed average of the last five marketing years is used.

Trade: Cereal trade figures include cereals as such, plus flour and groats (in cereal equivalent). In the former editions of the Short Term Outlook maize trade included additional processed products. This has been revised backward and the balance is closed via an adjustment of the processing demand.

Balance sheets are based on a marketing year starting with the harvest: July/June for cereals and Oct/Sept for sugar.

Cereals: Human consumption, seed use and other industrial use is based on historic relations regarding population and planted area in the relevant marketing year. Feed use is based on calculations with FeedMod, an in-house model for feed ration optimisation. Projections are based on information about the ethanol production development. Stocks are closing the balance for cereals<sup>14</sup>. Intervention stocks equal official figures of the Directorate-General for Agriculture and Rural Development for the past and estimates based on past experience for the current marketing year, if applicable.

Oilseeds: The balance sheets include rape, soybean and sunflower seed meal and oil, plus palm oil. Stock data represent own estimates based on expert judgement and market information. Thus, the balances close on the domestic use. A coefficient is used to determine the share of oilseeds used in the crushing industry. These crushing coefficients range from 94% to 98% for rapeseed, 89-91% for soybeans and 85-89% for sunflower seed. The balance sheets are interlinked, as oilseeds are crushed into meals and oils on the basis of processing coefficients, used to determine the percentage of meals and oils obtained from oilseeds in the crushing process. These processing coefficients equal 57% for rape meal, 79% for soybean meal and 55% for sunflower meal and 41% for rape oil, 20% for soybean oil and 42% for sunflower oil.

Sugar: The balance sheet includes both sugar beet and white sugar. For sugar beet the procedure is similar to the other arable crops. The link with white sugar production is made through the white sugar production as notified under the Common Market Organisation (CMO) for sugar. The presented balances do only consider white sugar (e.g. no isoglucose or products containing sugar) and take into account sugar beet production outside of the quota. Industrial and biofuel use is based on historical data and projections based on information about ethanol production development. Stocks are taken from Member States notifications when they become available and therefore the balance closes over human consumption. When Member State information on stocks is not yet available or for the projections they are closing the balance. The reported stocks include carry-forward sugar.

<sup>13</sup> <http://mars.jrc.ec.europa.eu/mars/About-us/AGRI4CAST/Crop-Monitoring-and-Yield-Forecasting>

<sup>14</sup> For all crops this refers to a situation as of end-June, which may differ from other balances, e.g. IGC for maize, USDA for corn.

## Meat

The meat balance sheets cover the beef, pig, poultry, sheep and goat meat categories. Trade data is divided into live animals and meat products ('fresh and chilled', 'frozen', 'salted' and 'prepared'). The offal and fat categories are excluded (with the exception of pork lard). All data is expressed in carcass weight equivalent<sup>15</sup>.

Production forecasts for the year 2016 and 2017 are based on annual and monthly data on slaughtering, livestock numbers, Member States expert forecast, on the trends in livestock numbers and meat consumption patterns.

Net production refers to data on slaughtering taking place in the registered slaughterhouses as well as in other establishments. The other slaughterings are subject to constant reviews; therefore, data on the net production might be sensitive to these changes.

GIP is calculated as net production plus live exports minus live imports. Consumption is calculated as a residual, i.e. sum of production plus imports less exports plus stock change.

## Milk and dairy products

The commodity balance sheets cover production of dairy products taking place in dairy processing plants and so far do not include on-farm production<sup>16</sup>. Production of EU-28 total dairy products and in particular for SMP and WMP are estimated, where necessary since the concentration in the dairy

<sup>15</sup> Carcasses of bovine animals, pigs, sheep, goats and poultry are defined at point 3 ('carcass weight' at point 4) of Annex I of Regulation (EC) No 1165/2008 concerning livestock and meat statistics. For more details as regards the conversion coefficients of product weight into carcass weight equivalent please refer to the Eurostat document ASA/TE/F/655.

<sup>16</sup> Milk statistics for the EU-N13 on-farm production of butter, cheese and other products has only recently become complete and has yet to be validated.

## Glossary

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

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

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

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

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

## Data

Balance sheets for the EU and production figures at Member State level are available on Europa

([http://ec.europa.eu/agriculture/markets-and-prices/short-term-outlook/index\\_en.htm](http://ec.europa.eu/agriculture/markets-and-prices/short-term-outlook/index_en.htm))

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

Milk production estimates for year 2015 are based on Eurostat annual statistics (not yet final), 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.

Trade is expressed in milk equivalent using the total solid methodology accounting for the non-fat and protein components of milk such as lactose. As a consequence, the milk coefficient of cheese (composed of fat and protein only) is lower with this methodology (3.58) than when accounting for fat and protein only (5.97). The other coefficients used are: 6.57 for butter, 7.57 for SMP, 7.56 for WMP, 7.48 for whey powder, 0.85 for drinking milk, 3.21 for cream and 0.98 for yogurts.

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

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