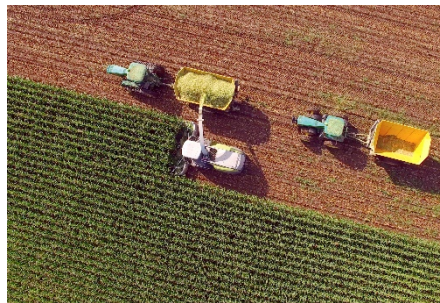


SHORT-TERM OUTLOOK

for EU agricultural markets
in 2021



SPRING 2021

Edition N°29

Manuscript completed in March 2021

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PDF ISSN 2600-0873 KF-AR-21-001-EN-N

While all efforts are made to provide sound market and income projections, uncertainties remain.

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https://ec.europa.eu/info/food-farming-fisheries/farming/facts-and-figures/markets/outlook/short-term_en

Please cite this publication as: EC (2021), Short-term outlook for EU agricultural markets in 2021.

European Commission, DG Agriculture and Rural Development, Brussels.

CONTENT

OVERVIEW	2
MACROECONOMIC OUTLOOK	3
ARABLE CROPS	5
Cereals	6
Oilseeds	7
Protein Crops	8
Sugar	9
SPECIALISED CROPS	10
Olive oil	11
Wine	12
Apples	13
Oranges	14
MILK AND DAIRY PRODUCTS	15
Milk	16
Dairy products	17
MEAT PRODUCTS	19
Beef and veal	20
Pigmeat	21
Poultry	22
Sheep and goat meat	23
METHODOLOGY	24



OVERVIEW

The EU agricultural sector has shown resilience during the COVID-19 crisis. Higher retail sales and home consumption partially compensated for losses in foodservices. With a dynamic global demand and the reopening of foodservices expected once the vaccination campaign is sufficiently advanced, prospects for EU agricultural markets are favourable in 2021.

Prices of arable crop commodities are rising, which helps their producers compensate for their growing input costs. If the good harvest forecasts are confirmed, feed prices should stabilise, hence easing the pressure on the livestock sector, which is already confronted with the challenge of containing the spread of African Swine Fever and Avian Influenza. Meat consumption continues increasing for pigmeat and poultry meat, and declining for beef. Foodservices re-opening would lead to more EU cheese and butter consumption and global dairy demand should support EU exports. In the case of wine and olive oil, EU domestic use is on the increase and export prospects are improving. Consumers are expected to continue favouring fresh fruits (orange and apples) after an increase in consumption at home during the COVID-19 pandemic.

Uncertainties related to trade relations with the EU's two main export markets have significantly abated with the arrival of a new US administration – the US and the EU agreed to temporarily suspend tariffs related to civil aircraft disputes early March, and the EU-UK Trade and Cooperation Agreement concluded late 2020 – guaranteeing duty-free/quota-free trade. Trade with UK is however not without frictions and operators on both sides of the Channel will need time to adapt and provide necessary conditions for optimal exchanges, for example with respect to infrastructure and border checks.



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3

KEY MESSAGES

12.3%

uptake of the first COVID-19 vaccine dose in EU population¹

+4%

expected annual real GDP growth in 2021²

+1.5%

inflation in 2021, contained in the range 1.2–2% until 2023³

+38%

urea price increase between Dec 2020 and Feb 2021³

MACROECONOMIC OUTLOOK

The EU economy starts to see light at the end of the tunnel, although significant uncertainties remain, especially with respect to the speed of the vaccination campaign against COVID-19 and the risk of the emergence of new virus variants that would be resistant to existing vaccines. The second quarter could see the start of the relaxation of confinement measures and further reopening of foodservices, assuming a progressing rollout of the vaccination.

There has been some debate about the start of a new commodity “supercycle” in recent months, especially looking at metals and feed prices. Such a “supercycle” begins when abnormally strong demand meets structurally long adjustment times of the supply, in the magnitude of decades. However, the drivers for the current surge in agricultural commodity demand – for example, China reconstructing its pig herds leading to massive feed imports – are likely to be short-lived. It is therefore premature to qualify the current situation as the start of a new “supercycle”.

¹ COVID-19 Vaccine Tracker of the European Centre for Disease Prevention and Control, 29 March 2021: <https://vaccinetracker.ecdc.europa.eu/public/extensions/COVID-19/vaccine-tracker.html>

² European Central Bank, 11 March 2021: https://www.ecb.europa.eu/pub/projections/html/ecb.projections202103_ecbstaff~3f6efd7e8f.en.html

³ World Bank, 2 March 2021: <https://www.worldbank.org/en/research/commodity-markets>

MACROECONOMIC OUTLOOK

LIGHT AT THE END OF THE TUNNEL

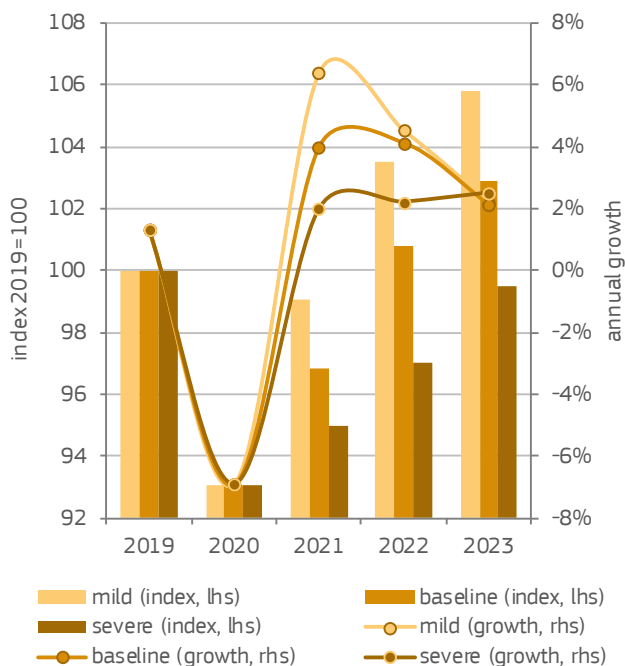
The strengthening of confinement measures in Q1 2021 led the European Commission⁴ to revise its EU quarter-on-quarter real GDP growth forecast for Q1 at -0.8% (February 2021 forecast) down from +1.6% (July 2020 forecast).

In its baseline scenario (followed in this report), the European Central Bank (ECB)² assumes a swift relaxation of those measures as from Q2 2021 and the end of the health crisis in Q1 2022, with the USD/EUR exchange rate to stay at 1.21 from 2021 onwards. This assumes a successful acceleration of the vaccination campaigns. It additionally assumes that “monetary and fiscal policy measures, including the Next Generation EU package, will help support incomes, reduce job losses and bankruptcies, and be successful in containing adverse real-financial feedback loops.” The ECB projects the euro area annual real GDP growth to be 4% in 2021 and 2022, and 2.5% in 2023.

On the positive side, the euro area unemployment forecast in 2021 was revised downwards, at 8.6% (compared to 9.5% in September 2020, ECB’s baseline).

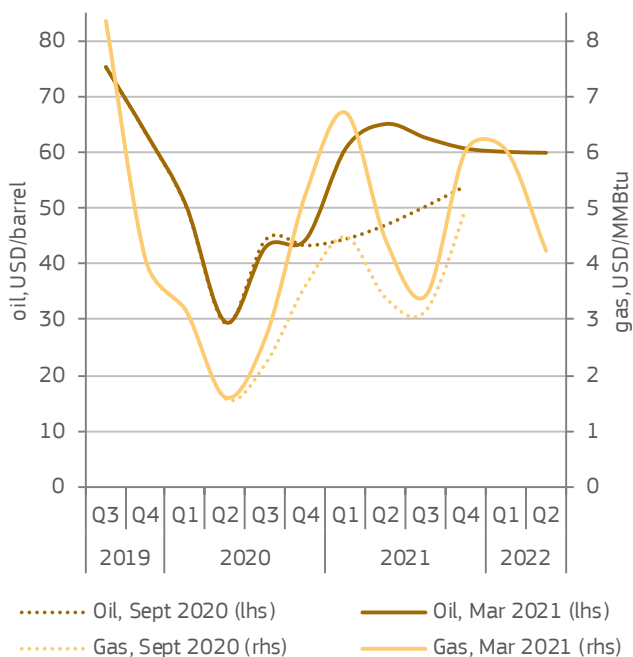
⁴ DG Economic and Financial Affairs, 11 February 2021: https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/winter-2021-economic-forecast-challenging-winter-light-end-tunnel_en

Euro area real GDP scenarios



Note: Mild scenario – the end of the health crisis by Q4 2021 and mitigated long-term damages. Severe scenario – a more protracted crisis and permanent losses in economic potential. Source: European Central Bank.

Brent crude oil and UK natural gas price forecasts



Note: 1 MMBtu is 1 million British thermal units, approximately 293.1 kilowatt hours. Source: IHS Markit.

LIKELY TEMPORARY COMMODITY PRICE SPIKES

Oil prices recovered from the sudden drop in demand in Q2 2020 faster than expected in the October 2020 edition of this outlook report. The Brent crude oil price hit the USD 70/barrel threshold in March 2021, while supply remains under tight control by OPEC producers, and demand remains subdued due to confinement measures.

As the winter was colder than expected, and due to logistics bottlenecks, the gas price forecast was revised significantly upwards (IHS Markit). Starting Q2 2021, it is projected to resume usual seasonal fluctuations.

The price of urea has gone up by 38% between December 2020 and February 2021, reaching EUR 277/t (Ukraine price)³. Prices of nitrogen fertilisers widely used in the EU have followed with higher costs for inputs for EU farmers.

As measured by the Harmonised Index of Consumer Prices (HICP), the inflation is due to remain volatile, albeit contained. ECB’s baseline forecast for 2021 jumped to 1.5%, from 1% in September 2020.





KEY MESSAGES

Animal feed use

stable in 2020/21 and expected to increase in 2021/22

+2.5%

EU cereals production expected to increase in 2021/22

+10.5%

EU oilseeds production expected to increase in 2021/22

EU sugar price

supported by world price development

ARABLE CROPS

HIGHLIGHTS

Prices for the main arable crops have been rising in recent months driven by high demand and uncertainty around declining global stock-to-use ratios for certain commodities. According to the Agricultural Market Information System's latest data, 2020/21 global ending stock-to-use ratio for maize and soya beans could decline by 10% and 25% respectively. Concerning wheat, the ratio is keeping up with a 2pp increase year-on-year (39%). For sugar, the stock-to-use ratio is at a 9-year low (38%).

EU trade flows are expected to decline in 2020/21. Wheat exports could fall by 27% year-on-year while maize and soya beans imports could go down to 16.5 million t and 14.6 million t respectively. Sugar exports could decline to a historic low of 0.8 million t. Instead, rapeseed imports are estimated to remain high due to the limited recovery of the EU domestic production and a firm demand, particularly for vegetable oils.

The 2021/22 marketing year could see a rebound of EU cereals production, easing the pressure on prices. Given the latest data on winter crops sowing and assumed average yields, EU domestic production could reach 292.5 million t. EU oilseeds production is projected to reach 30.4 million t, after two consecutive years with low levels, despite a timid recovery of the rapeseed production. EU vegetable oil demand could increase by 1.5% year-on-year, assuming the economic recovery continues.

CEREALS

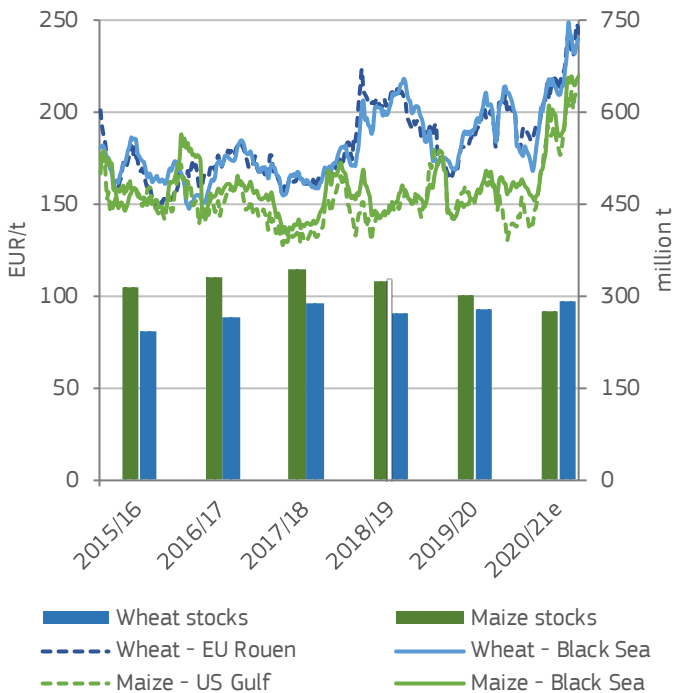
EU PRICES DRIVEN BY A RISE OF GLOBAL PRICES

Prices for all main cereals have gone up significantly in recent months. Despite record levels of cereals production in 2020/21, global consumption is estimated to increase significantly and to weigh on ending stocks. This is largely driven by a significant rise in animal feed demand in China. Weather disruptions and concentration of global wheat and maize stocks in India and China contributed to the price rise. Following the surge in energy prices, fertilizers prices increased substantially and put pressure on farmers' margins.

“Record global production and consumption of wheat and maize in 2020/21.”

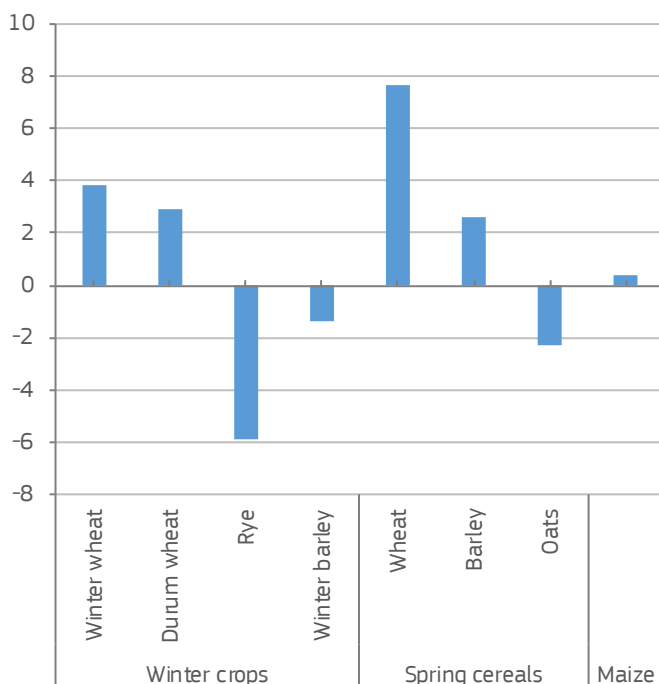
EU cereals trade flows in 2020/21 are forecast at 44.3 million t for exports and 22.6 million t for imports. Compared to the high levels in 2019/20, it represents a drop of -26% and -10% respectively. Still, while EU soft wheat and maize stocks could decline and consumption of other cereals (barley, durum wheat, oats and rye) could increase (+3.8%/5-year average). EU cereals stock-to-use ratio is expected to remain stable at 16.5% year-on-year.

Global wheat and maize prices and stocks



Source: AMIS, International Grains Council, FranceAgriMer.

Annual change in EU cereals sowing areas (% 2021/2020)



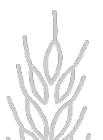
Source: DG Agriculture and Rural Development, based on Eurostat and MS notifications.

FAIR OUTLOOK FOR EU CEREALS IN 2021/22

Sown areas for winter cereals are estimated slightly above the low area of 2020/21. This should benefit wheat, with winter wheat sown areas increasing by 3.8% year-on-year and durum wheat by 2.9%. Winter wheat sowings should reach 20.1 million ha. Winter barley area is estimated to slightly decline at 4.7 million ha. A reduction in rye and triticale areas is expected as well.

Despite a succession of cold and warm spells during winter, weather conditions have not widely affected winter crops development. Assuming average weather developments during spring and summer, total EU cereals production could reach 292.5 million t (+5.3% year-on-year). Soft wheat production is forecast at 126.7 million t, barley at 56.3 million t and maize at 71.2 million t. Other coarse grains' production could decline at 30.7 million t (-7% year-on-year).

Given the increase foreseen in certain animal productions for 2021, it is expected that the demand for animal feed will increase by 0.7% in 2021/22 compared to 2020/21. EU total feed demand could reach 163.8 million t. Industrial uses of barley (malting barley) could recover to 6.7 million t.



OILSEEDS

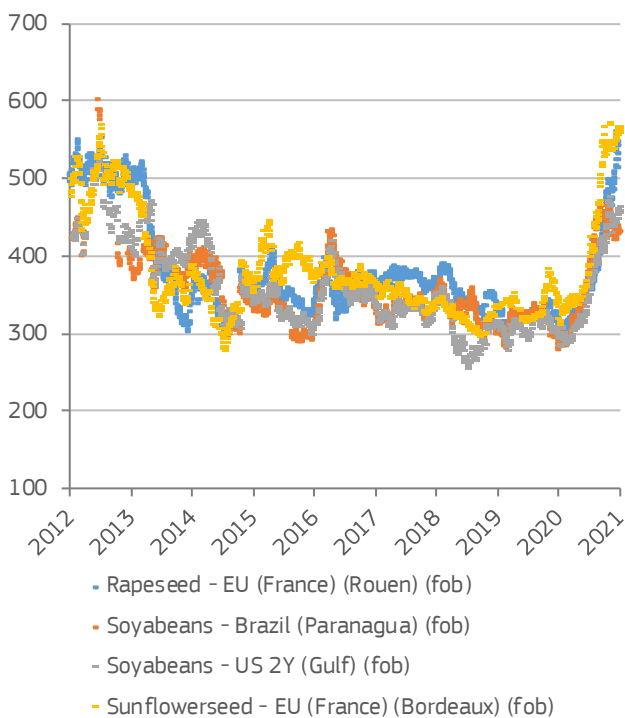
GLOBAL OUTLOOK DRIVEN BY PRICE HIKES

Like cereals prices, global oilseed prices rose significantly in the last months and reached 2012 levels. Despite an almost record global production of soya beans, stocks are estimated to be 22% lower compared to 2019/20 due to a sharp increase in feed demand. This increase is largely driven by pig herd re-stocking and/or stockpiling in China. Still, Brazil's on going harvest is expected to reach a record (while experiencing delays), and the US one is due to be much larger than last year.

*“Tight rapeseed market in
 2020/21.”*

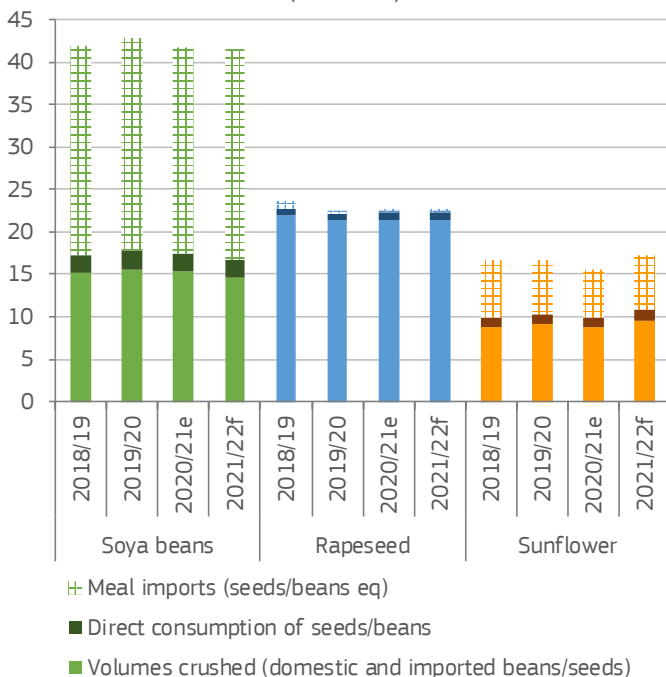
Global rapeseed production should slightly recover in 2020/21 despite a decline in two major exporting countries, Canada and Ukraine. Global consumption could increase by 4%, especially in Asia, and is expected to weigh substantially on global stocks (-39% year-on-year) notably in Canada. According to IGC, crushing global demand is due to rise by 4% for both soya beans and rapeseed in 2020/21. This is the result of an increase of feed demand but also a recovery in vegetable oil demand for food and biofuels.

World oilseeds daily export prices (EUR/t)



Source: International Grains Council.

EU oilseeds and meals consumption (million t)



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

EU OILSEEDS IMPORTS REMAIN HIGH IN 2020/21

EU oilseeds imports in 2020/21 could remain stable compared to the high level recorded in 2019/20 (+17%/5-year average). Given the low level of domestic sunflower and rapeseed production in the EU in 2020/21, imports of these two commodities should gain the most (+59% and +47%/5-year average). They are estimated at 1 million t and 6.2 million t, respectively. Higher oil prices, particularly for rapeseed oil, drove crushing margins up. EU stocks-to-use ratio for oilseeds is expected to hit a record low at 4.6% (-39%/5-year average).

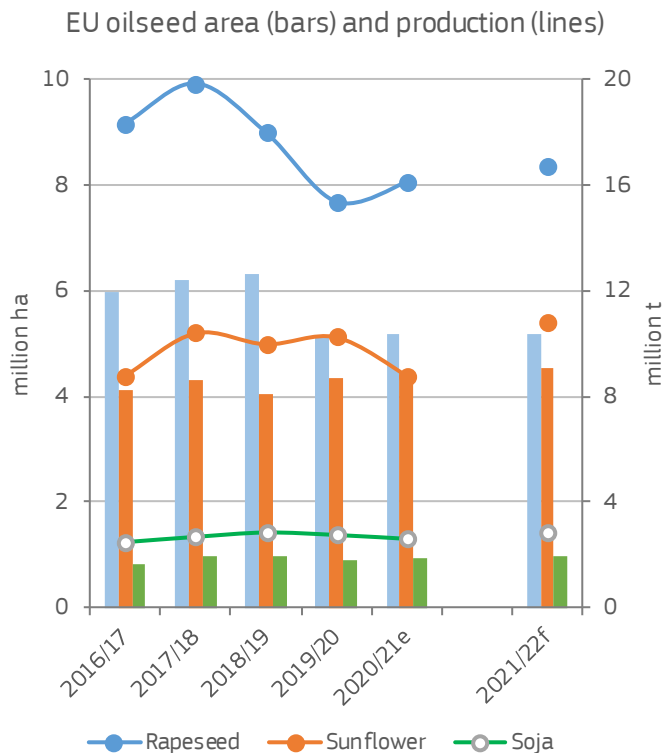
Year on year, EU crushing of rapeseed is due to slightly increase at 21.5 million t. The consumption of rapeseed meal is estimated to remain stable and could translate into a minor decrease in rapeseed meal imports. Both EU soya beans and meals imports are expected to decline in 2020/21 due to their lower relative competitiveness compared to rapeseed and sunflower. The demand for rapeseed oil is strong mainly due to an important demand from China.

EU 2020/21 vegetable oil consumption could reach 23 million t despite relative tightness of supply driving a surge in vegetable oil prices. The EU consumption of all three vegetable oils and palm oil is expected to increase nonetheless compared to the 5-year average.



OILSEEDS

EU OILSEEDS PRODUCTION COULD RECOVER IN 2021/22



Source: DG Agriculture and Rural Development, based on Eurostat and MS notifications.

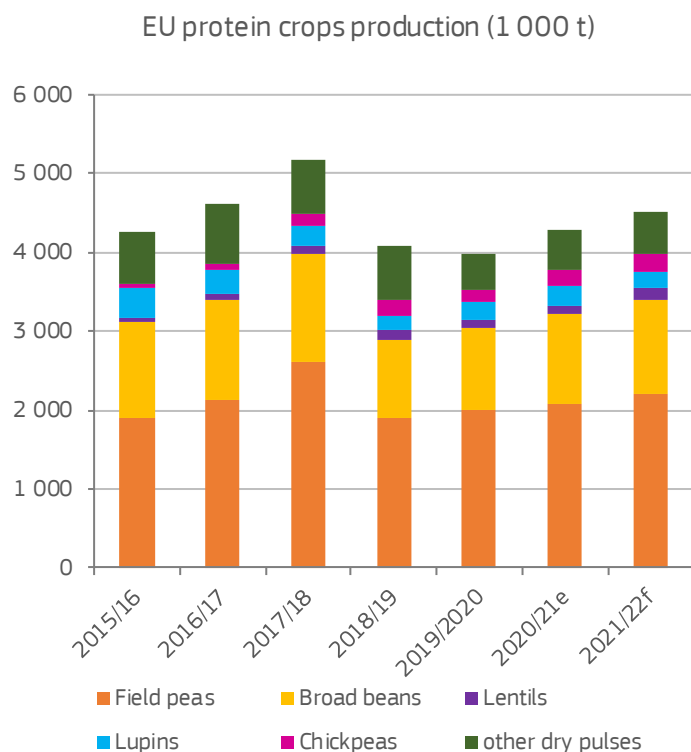
The EU winter rapeseed area is estimated at 5.0 million ha (-14%/5-year average). The sowing period has been hampered by difficult conditions. Some countries experienced particularly cold weather that affected crop development. Despite that, total EU production is expected to increase by 600 000 t (+3.4% year-on-year) and reach 16.7 million t.

Sown areas for soya beans and sunflower seeds are due to increase given the current high profitability of the crops. Soya beans acreage could increase by 3.2% year-on-year and reach 965 000 ha. Estimated sown areas of sunflower could reach 4.5 million ha (+1.8% year-on-year).

EU oilseeds market could ease in 2021/22 with an increase in total production reaching 30.4 million t (+10.5% year-on-year). The consumption is also expected to increase due to higher feed demand and a recovery in oils demand for both food and biofuel production. EU vegetable oil consumption is due to grow by 1.5% at 23.3 million t. EU vegetable oils production is expected to increase (+1.5% year-on-year) given crushing margins and could reach 15.8 million t. Oils imports could remain stable compared to 2020/21 at 9.9 million t.

PROTEIN CROPS

EU PROTEIN CROPS PRODUCTION IS EXPECTED TO RISE IN 2020/21 AND 2021/22



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

The total EU protein crops production reached 4.3 million t in 2020/21 (+7.9% year-on-year). Nevertheless, EU imports are expected to grow by 22% to sustain the demand. Indeed, the demand for all protein crops could increase by 12% year-on-year, particularly for field peas (+18%), lentils (+13%) and chickpeas (+17%). This growth is due to a combination of increasing demand for feed (field peas) as well as food products (lentils and chickpeas).

“EU 2021/22 protein crops production expected to reach 4.5 million t.”

The EU protein crops production could continue to increase in 2021/22. Sown areas are due to increase for the second consecutive year and reach 1.5 million ha (+1.2%/5-year average). With no major weather events, the total EU production could increase by 5.2% year-on-year. Domestic demand should continue to increase mainly driven by food demand. Feed demand could increase at a slower pace due to the expected recovery of the domestic cereals production.



SUGAR

WORLD SUGAR PRICES ON A SHARP RISE AS SUPPLIES TIGHTEN

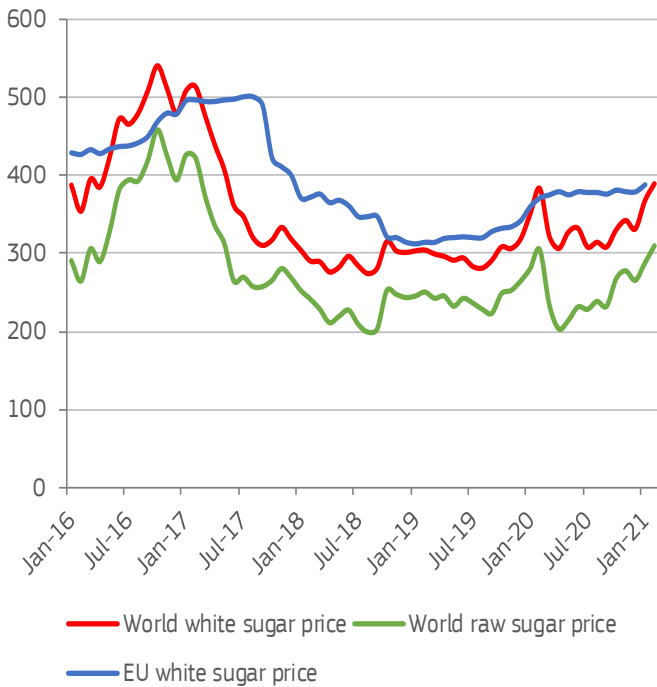
2020/21 EU sugar production is estimated at a 5-year low of 14.4 million t (12% below 2019/20) mainly due to a widespread yellowing disease in FR and the ensuing steep reduction of sugar beet harvest.

World sugar production is forecast to decrease slightly in 2020/21. Combined with higher post-COVID-19 consumption, the global sugar market is expected to end in deficit, and in a reduction of stock-to-use of sugar to a 9-year low of about 38%.

As a result of disappointing harvests in the Northern hemisphere (EU, Russia, Thailand) and tightening supplies, world sugar prices increased significantly between September 2020 and February 2021: +26% white, +33% raw. EU prices remained stable in 2020 but did increase to a 3-year high of EUR 388/t in January 2021.

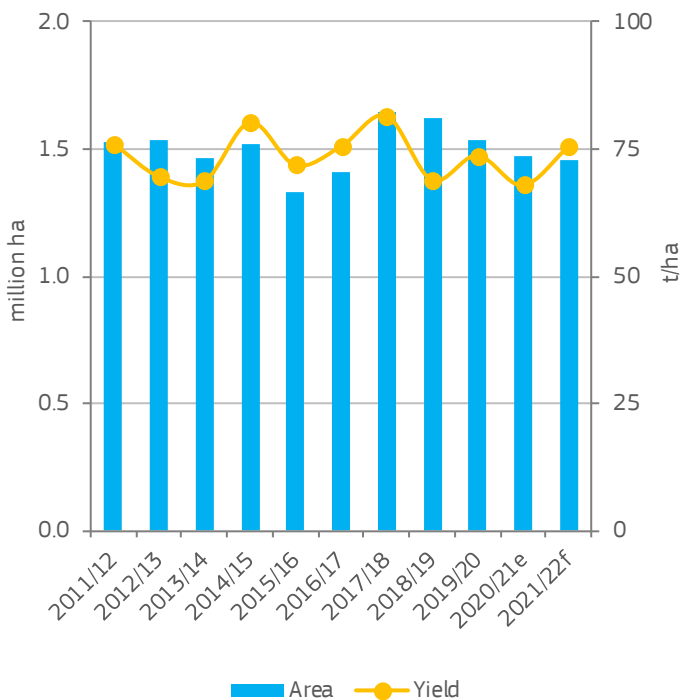
Due to low availabilities, EU exports are now forecast to decrease further to 0.8 million t, 21% less than in 2019/20. Imports are forecast only slightly (-7%) below the previous year, at 1.6 million t.

World and EU sugar prices (EUR/t)



Source: DG Agriculture and Rural Development, based on MS notifications.

EU sugar beet area and yield



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

REBOUND IN SUGAR BEET YIELDS FORECAST FOR THE NEXT CAMPAIGN

EU human sugar consumption is expected to remain stable in 2020/21 as an increase resulting from the slow recovery of the foodservice sector should be compensated by a return to the long-term consumer preference to use less sugar.

“Cold spell in February should benefit beet yields by limiting the impact of pests and yellowing disease.”

As a result, the 2020/21 EU ending stocks are forecast to reach 1.1 million t, compared to 2.2 million t at the beginning of this marketing year.

Sowing for the 2021/22 campaign is accelerating. EU sugar beet area is forecast to approach the 2020/21 total of 1.5 million ha.

Sugar beet yields are expected to rebound in FR as beneficial frosts in February 2021 and emergency authorisations for the use of neonicotinoids should allow limiting the impact of pests and yellowing disease.





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KEY MESSAGES

Olive oil prices up

thanks to an increasing EU demand and stable exports in 2020/21

Wine: - 3%

stocks thanks to crisis-distillation and exports in 2020/21

Oranges: +4%

fresh orange consumption up driven by positive health image of citruses

Apples: -17%

fresh apple exports due to strong domestic demand in 2020/21

SPECIALISED CROPS

HIGHLIGHTS

In 2020/21, the EU olive oil production could reach close to 2.1 million t. Increase in ES should more than compensate for the decline in remaining EU countries. Retail sales could further support a domestic consumption growth in 2020/21 (+3%) while EU exports could remain stable, supported by an increase of shipments to the US. This, combined with lower imports due to decreased availability in non-EU countries, should help to reduce stocks further and continue supporting EU prices.

EU wine production is expected to remain stable in 2020/21, at around 157 million hl. Production fell in IT and PT, while there was growth in FR, DE and ES. EU domestic use could increase, driven by an increase of 'other uses' of vinified production, including crisis-distillation. This, together with increasing exports, notably driven by the lifting of US tariffs on EU wine, should result in a reduction of the high wine stocks.

EU orange production amounts to 6.6 million t in 2020/21. The share of oranges used in processing could increase. Demand for fresh oranges is expected to remain at a high level. EU production of apples remains stable at 11.5 million t in 2020/21. EU exports are expected to continue to decline due to the strong domestic demand and resulting high prices.

OLIVE OIL

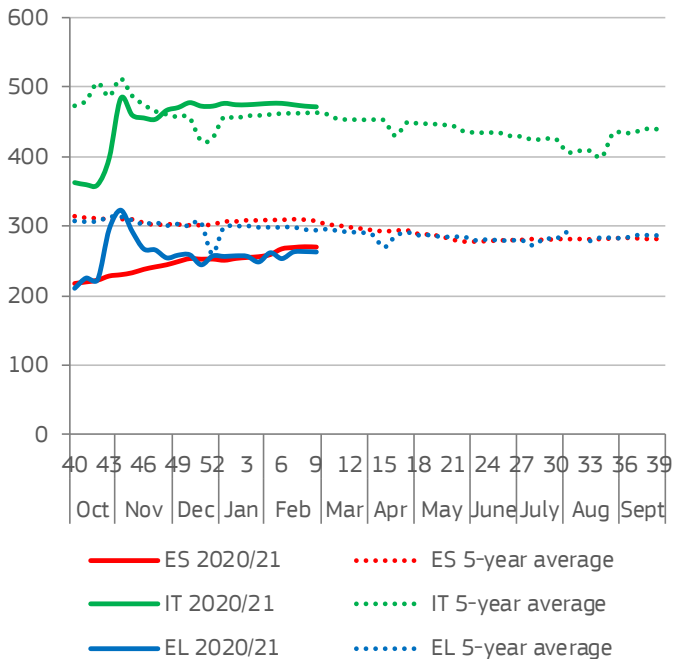
EU OLIVE OIL PRICES RECOVERING

In 2020/21, EU olive oil production could reach close to 2.1 million t (+10% compared to 2019/20). ES production growth (+ 325 000 t) should more than compensate losses in IT (-96 500 t), EL (-5 000 t) and PT (-40 500 t). Further growth was limited by weather events (IT, EL) which hampered the quality of oil at the time of harvest. In IT, this was due to hailstorms and flash flooding. In the case of EL, besides reported heatwaves, the lack of workers at the time of harvest created some difficulties. Andalusia, the main producing region in ES, reported yield at the lowest level in the last 25 years, therefore ES reduced its initial production estimate. Including beginning stocks (630 000 t), EU olive oil availability in 2020/21 is 8% above last 5-year average.

In non-EU producing countries, a significant production drop is reported in Tunisia (-66%) while an increase in Morocco (15 000 t) compensates a decline in Turkey.

Thanks to a more balanced market supply, EU prices have started to show signs of recovery. ES extra virgin olive oil price has steadily increased since October 2020 and it is currently 12% below the 5-year average (around EUR 270/100 kg). EL price is stable and 11% below the 5-year average. On the other hand, IT price remains above average and has been stable since December 2020.

Weekly producer prices of extra virgin olive oil in selected EU countries (EUR/100 kg)



Source: DG Agriculture and Rural Development, based on MS notifications.

EU olive oil consumption and exports (1000 t)



Source: DG Agriculture and Rural Development, based on MS notifications and Eurostat

FURTHER EU CONSUMPTION GROWTH AND STABLE EXPORTS

Increasing retail sales in main EU producing countries in 2020 contributed to an EU consumption growth despite the closure of foodservices and limited tourism.

In 2020/21, EU consumption could continue growing (3%), mainly thanks to foodservice recovery and stable retail sales supported by a healthy image of olive oil and home cooking.

EU exports are expected to remain stable compared to a historically high level in the last campaign. A further increase in shipments to China, Japan and the US could just compensate for losses in Canada, Australia, UK and Brazil. These countries are likely to reduce their imports because of existing stocks and to some extent due to an increase in prices. In the case of the US, part of the growth could be attributed to US tariffs lifted (for the moment) for 4 months.

As there is lower availability in non-EU producing countries, the EU could substitute some of their exports. For example, Tunisia exported around 90 000 t to the US in the last campaign. This will also affect EU imports which could be reduced to 130 000 t. As a result, EU stocks could drop below 500 000 t, which should support growing prices.



WINE

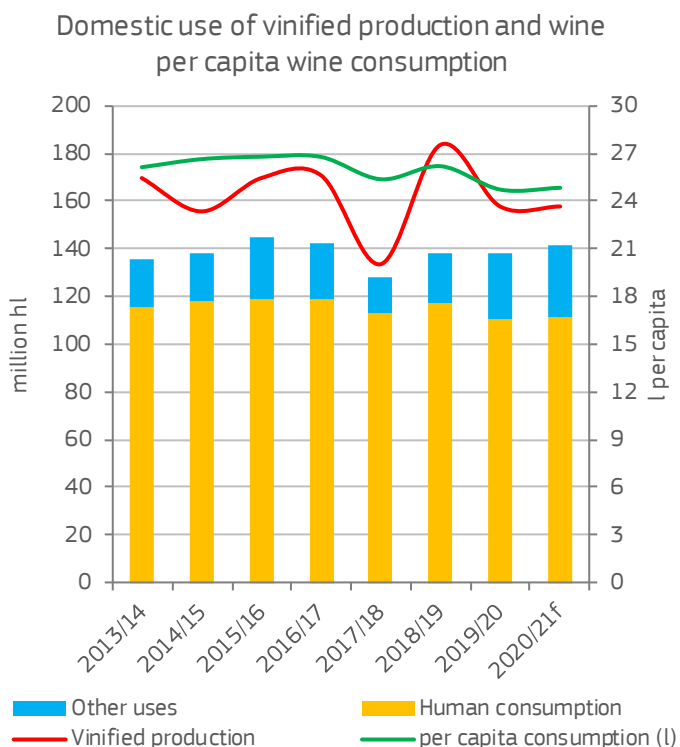
INCREASING DOMESTIC USE DRIVEN BY CRISIS DISTILLATION

In 2020/21, EU wine production is expected to remain stable at around 158 million hl (5% below 5-year average). Whereas production fell in IT (-12%) and PT (-7%), it increased in FR (+6%), DE (+8%) and ES (+9%). Compared to the 5-year average production declined in all EU countries, except for DE (+3%).

The EU wine area is expected to decline by 1% in 2020/21 despite the increase of authorisations for new plantations. This could be due to a time lag, amongst others as the Commission has extended the validities of the expiring authorisations to support the sector in the COVID-19 crisis.

EU domestic use could increase by 2%, driven by an increase of 'other uses', including crisis distillation. Based on EU countries' requests, the Commission has allowed 7 million hl to go into crisis-distillation to relieve the market. It is, however, not sure that the full amount will be distilled and distillation may be spread over several marketing years.

Per capita consumption is expected to remain at the same level as last year (24.8 l per capita).



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

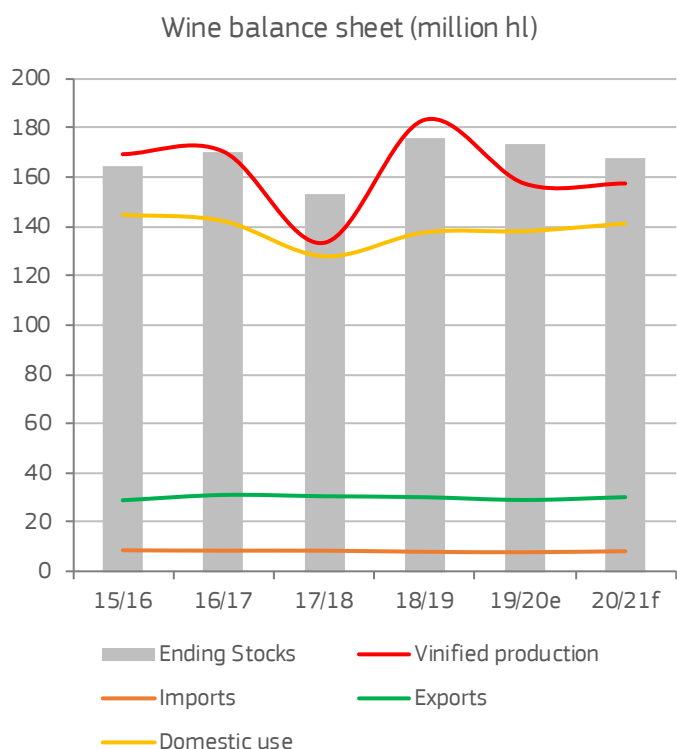
INCREASING WINE TRADE DRIVEN BY CHANGE OF CONSUMPTION HABITS AND LIFTING OF TARIFFS

In 2020/21 EU wine imports could grow by 5%, driven by imports from Chile and Argentina. The closure of restaurants and the reduction of gatherings and celebrations have pushed down the demand for higher segment (often European) wines and pushed up the demand for relatively cheaper wines, including imports from South America.

“The EU exports could increase by 3% driven by the lifting of US import tariffs.”

EU wine exports are expected to increase in 2020/21 (+3% year-on-year). This increase will mainly be driven by exports to the US, thanks to the lifting of US retaliatory tariffs, initially for 4 months.

These developments could result in a reduction of the (high) wine stocks by more than 6 million hl to 167 million hl (-1% compared to 5-year average). Assuming this reduction of stocks, it could contribute to a better market balance for the wine sector.



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



APPLES

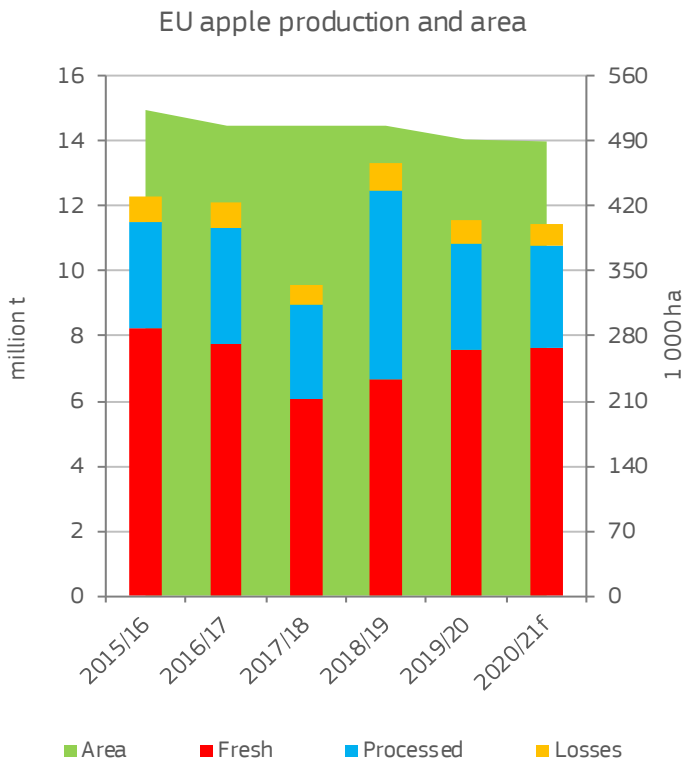
STABLE EU CONSUMPTION OF APPLES

The EU production of apples remains stable at 11.5 million t in marketing year 2020/21, 3% below the last 5-year average. Compared to the last marketing year production in PL increased (+9%) while production in DE declined (-2%).

“The EU consumption of fresh apples is expected to remain at a high level of 15.4 kg per capita.”

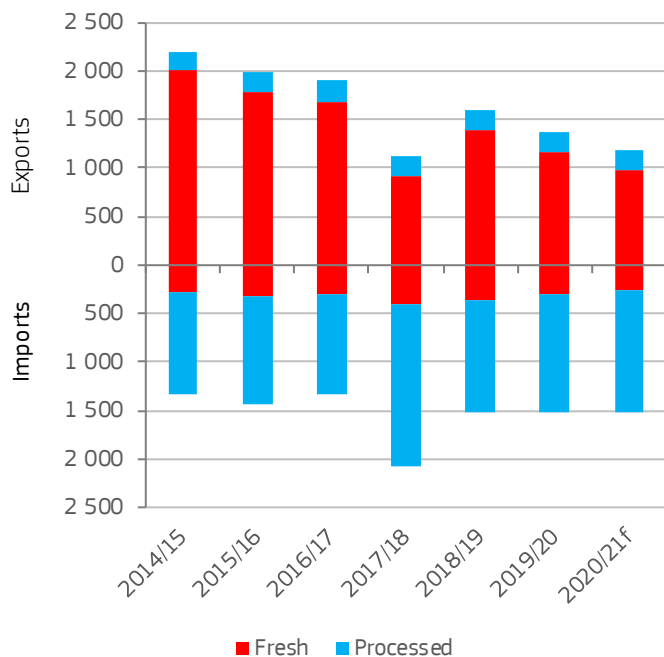
Around 7.7 million t (71%) of useable apple production is expected to be sold for fresh consumption (+1% year-on-year), whereas 3.1 million t (29%) could be used for processing (-5% year-on-year).

Despite the increase of PL apple production and the relatively high share of PL production (around 55%) usually directed to the processing industry, the share of EU production of apples for fresh consumption is expected to increase. This is driven by the strong domestic demand for fresh apples.



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

EU trade of fresh and processed apples (1000 t of fresh equivalent)



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

STRONG DOMESTIC DEMAND KEEPS APPLE EXPORTS LOW

Thanks to the increased consumption at home during the COVID-19 pandemic, the per capita consumption of fresh apples is expected to remain at the high level of 15.4 kg (+11% compared to the last 5-year average).

By contrast, the EU apparent consumption of processed apples is expected to be slightly below last years' figures (7 kg per capita). This is in line with the long-term declining trend.

EU exports of fresh apples are expected to continue to decline (-30% compared to the last 5-year average) due to the strong domestic demand and resulting high domestic prices. Trade disruptions due to COVID-19 and increased competition on the export markets contribute also to the decline. Imports of fresh apples are due to decline as more domestic production is available.

The lower EU production of apples for processing together with low stocks could lead to a decline of exports by 8% in 2020/21 and a slight increase of imports (+3%).



ORANGES

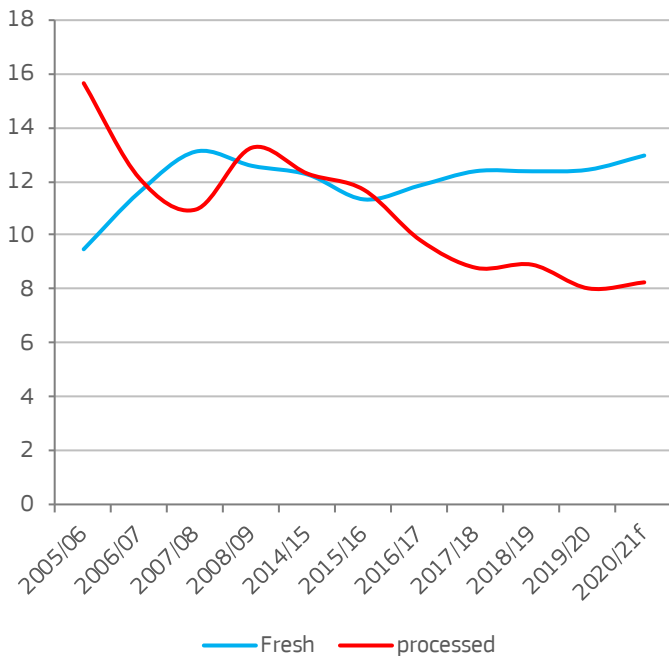
HIGH EU PRODUCTION FORECAST FOR 2020/21

The 2020/21 EU orange production amounts to 6.6 million t. This is 8% more than in the previous marketing year and 7% above the 5-year average, even though EU orange area has slightly declined to 270 000 ha (-1%). The growth is driven by an increase in production in ES (+1%), the main EU producer (50% of total EU production), and in IT (+17%).

“EU orange production +8% in 2020/21 despite a decline of area.”

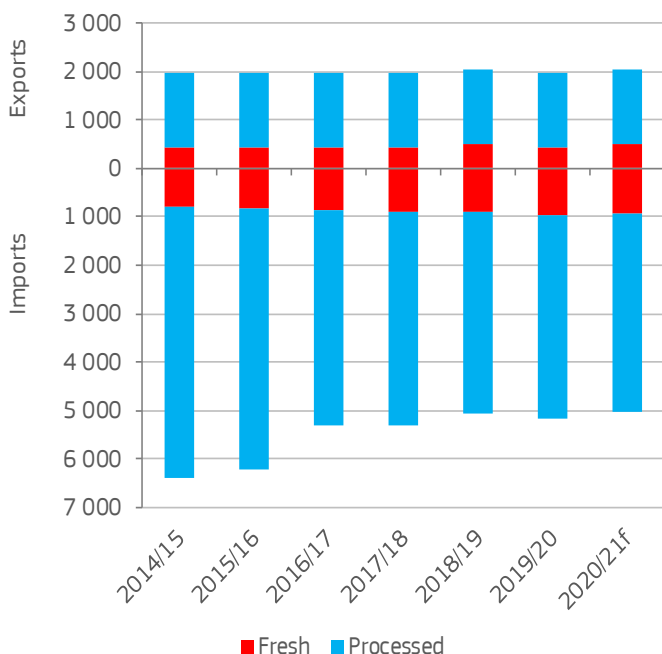
5.4 million t of the EU orange production are expected to be consumed fresh, the rest going into processing. The share of oranges used in processing is expected to slightly increase this marketing year (from 18% to 19%) due to a higher proportion of smaller-sized oranges in total production. These oranges are mainly directed to the processing industry as they do not sell well on the fresh market.

EU consumption of fresh and processed oranges (kg per capita)



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

EU trade of fresh and processed oranges (1000 t of fresh equivalent)



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

HIGH CONSUMPTION OF FRESH ORANGES IN 2020/21

Thanks to the high demand for citrus fruits during the COVID-19 crisis the consumption of fresh oranges is expected to remain high in 2020/21: 12.9 kg per capita (+4% compared to 2019/20). The increase comes from the consolidation in 2020/21 of the COVID-19 positive effect on consumption of oranges in 2019/20. The apparent per capita consumption of processed oranges is expected to increase by 3% compared to 2019/20, driven by increased domestic processing and high stocks. Yet it will be 10% below the last 5-year average, in line with the long-term declining trend.

High production will support EU exports of fresh oranges, which are expected to increase by 17% compared to last year. These exports could go to neighbouring countries where high prices can be obtained (Switzerland, Norway). This production increase is conversely expected to lead to a decline in EU imports of fresh oranges compared to last year (-5%) – still resulting in an increase (+4%) compared to the 5-year average. This is coherent with the increasing demand for fresh oranges used for freshly squeezed juice.

Exports of processed oranges are due to remain stable.





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KEY MESSAGES

+1%

EU milk production growth in 2021

EU dairy prices

continue increasing

21%

additional EU milk channelled to cheese

+6%

SMP exports growth in 2021

MILK AND DAIRY PRODUCTS

HIGHLIGHTS

The EU dairy sector proved its resilience during the COVID-19 crisis in 2020. In 2021, more milk is expected to be produced in the EU, driven by an increase in yield (+2%), more than compensating the continuing decline of the EU dairy herd.

The good global and EU demand is expected to improve even further with the re-opening of foodservices, especially in the second half of 2021. It could continue supporting EU dairy prices, translating into higher EU raw milk prices paid to farmers.

The EU cheese and butter consumption could particularly benefit from the foodservice recovery while retail sales of those products are expected to remain at a higher level compared to the pre-COVID-19 period. EU SMP and butter exports could grow (6% and 4% respectively), notably driven by competitive EU prices. The EU drinking milk consumption could remain high compared to the average of last years, as the foodservice recovery might not be complete regarding canteens and cafes. It would remain, however, below 2020 levels as stockpiling behaviour should not be repeated.

MILK

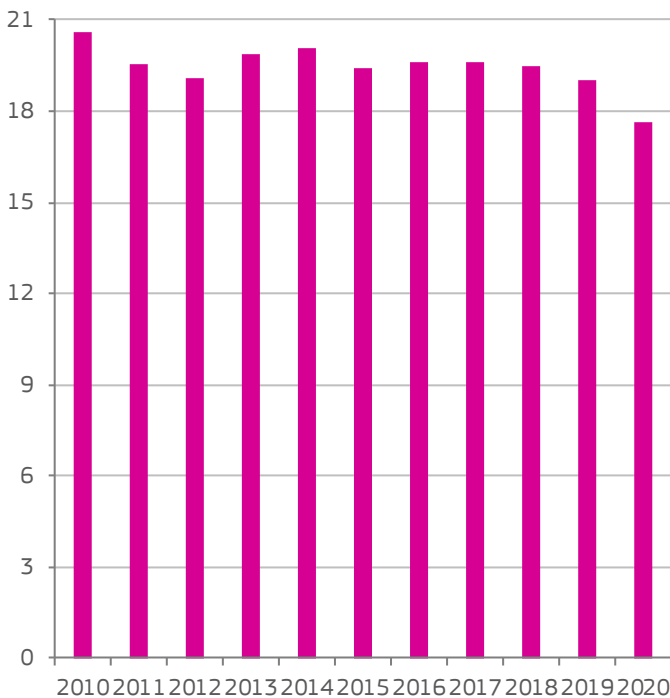
EU MILK DELIVERIES TO GROW BY 1% IN 2021

In 2020, for the 5th year in a row, the EU dairy herd continued to decline and was reduced by an additional 1.1%. Among the EU largest milk producing countries, only IE increased its herd (+2%) while DE and FR declined by the same rate (-2%). The number of heifers at the beginning of 2021 is at its lowest in the last 10 years (with a -7.4% annual reduction of the number of heifers per 100 cows). This implies a lower replacement rate in 2021. Nonetheless, the EU milk production increased by 1.7% in 2020, supported by a strong annual yield growth (+2.8%).

In 2021, 1% EU milk production growth is expected, driven by yield increase (+2%) while the dairy herd could contract by close to 1%. Assuming favourable spring and summer weather conditions to produce farm-grown feed, and good quality and availability of grass, should outweigh current concerns of rising feed costs. As initial developments suggest, Q1 milk production could be lower than in 2020 and more milk is expected to be produced after that.

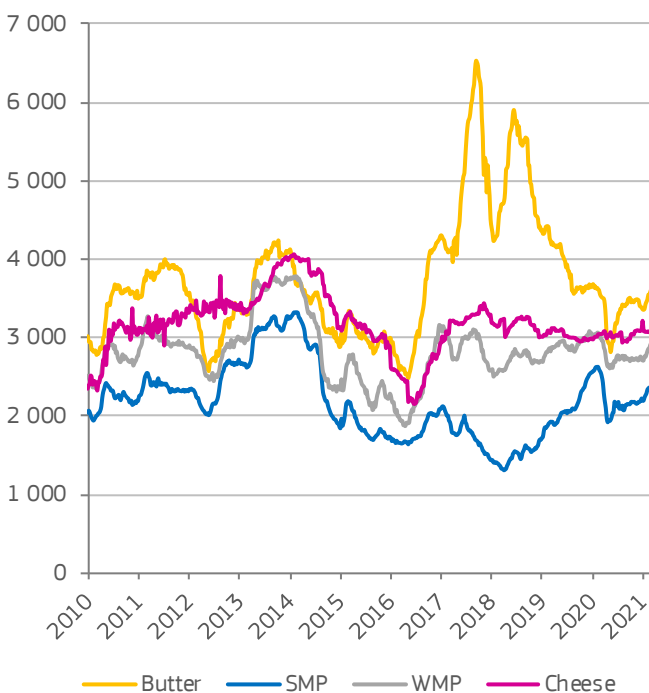
Among EU countries, IE should continue its growing production path thanks to an increased dairy herd (around 4%). Milk production could further grow also in PL (2%), IT (2.5%) and NL (1%). In DE and FR, milk production is due to be stable (around +0.2%).

Number of heifers per 100 dairy cows



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

EU weekly dairy prices (EUR/t)



Source: DG Agriculture and Rural Development, based on MS notifications.

EU DAIRY PRICES CONTINUE INCREASING

Since the beginning of 2021, EU dairy prices are on an increasing trend. This is supported by both sustained world demand and domestic use. Until March 2021, EU butter and whey powder prices recorded the highest increase (around 13%), followed by WMP (11%) and SMP (9%).

EU butter price is currently at EUR 3800/t, a level which was last time observed in July 2019. Combined with a rising SMP price, EU milk equivalent price should grow as well, providing further incentives for milk production growth and compensating for potentially higher cost of purchased feed. EU raw milk price reached close to EUR 35/100 kg in January, well above the 5-year average.

Despite increasing domestic prices, the EU remains competitive on the world market, notably for butter and WMP. At the beginning of March, EU butter price was 26% below Oceanian price and 11% for WMP. In the case of cheddar, EU prices are almost at the same level as the US ones (only 1.3% above). On the contrary, the US is more competitive for SMP (11% below the EU price).



DAIRY PRODUCTS

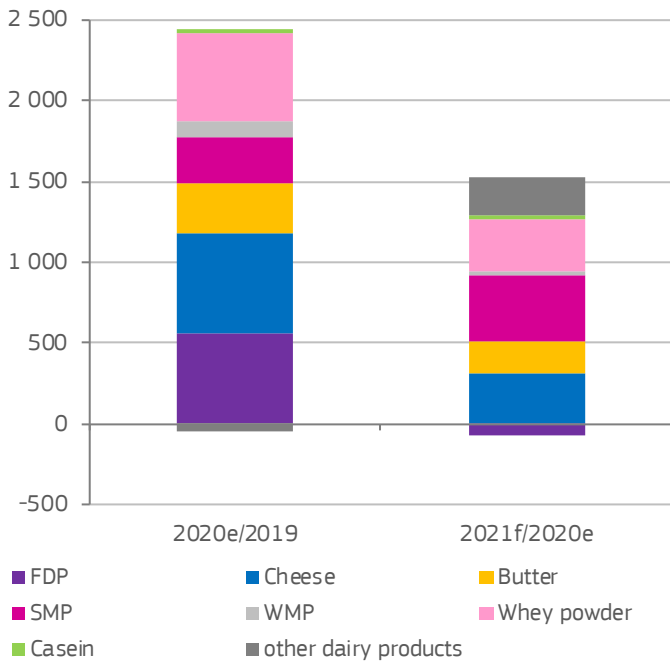
CHEESE TO BENEFIT FROM ADDITIONAL MILK PRODUCTION

Driven by the progress of vaccination, restrictive measures are expected to be progressively lifted allowing the foodservice recovery in the second half of 2021. This should support the EU cheese consumption growth. Retail sales could remain strong, although at a lower level than in 2020.

EU cheese production is expected to take 21% share of the extra milk produced in 2021. The recovery of foodservice should support a 1% EU cheese consumption growth. At the same time, EU cheese exports could continue growing by an additional 4%, reaching more than 1.4 million t (+33% over last 10 years). Shipments to Japan and the temporary lifting of the additional tariffs imposed on some EU products by the US are considered to be the main drivers of such increase. This should allow getting stocks to normal levels.

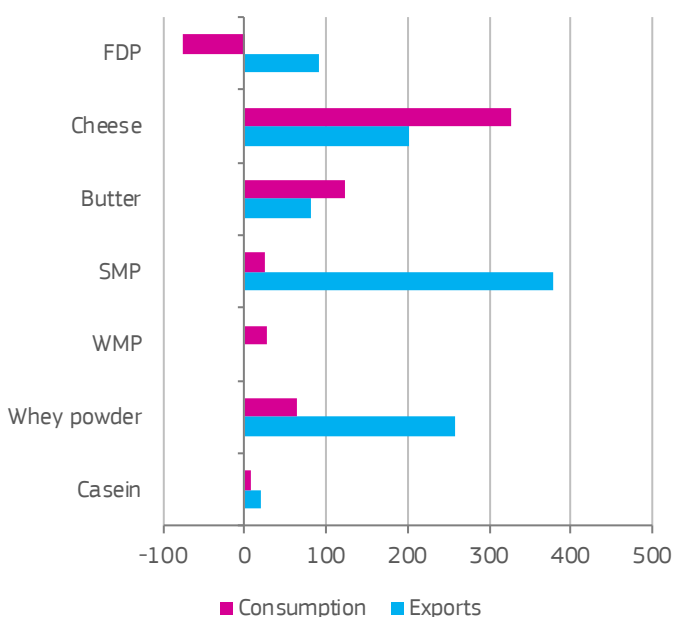
EU whey production, a co-product of cheese processing, could grow as well (+2%). Thanks to a good export demand driven by China (both for feed and food use), EU whey exports could increase by an additional 5%. The EU processing should absorb 0.6% more whey, mainly for nutritional products that contribute to a stronger valorisation of EU milk.

Annual change in EU production of selected dairy products (1000 t of milk eq.)



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

Annual volume growth of EU exports and consumption of selected dairy products in 2021 (1000 t milk eq.)



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

CONSUMPTION OF FRESH DAIRY PRODUCTS TO FALL AFTER 2020 PEAK

Because of COVID-19 outbreak and imposed lockdowns, the 2020 EU consumption of fresh dairy products rectified its long-term declining trend. This was reflected by a significant increase in drinking milk production, while EU production of cream and yoghurt remained relatively stable. In conclusion, both EU production and consumption of fresh dairy products grew in 2020, by 1.7% and 1.2% respectively.

In 2021, this is not likely to repeat. The continuation of teleworking and home schooling will keep home consumption and retail sales at high levels and limit the use of dairy products in canteens and cafes. In addition, the panic buying and stockpiling behaviours observed in the first weeks of the COVID-19 outbreak in 2020 are not expected to occur in 2021.

Therefore, EU production of drinking milk and yoghurt could slightly drop in 2021 (-0.5%) while cream could slightly grow (+0.5). EU consumption of fresh dairy products could fall below 2020 levels but still remains 0.5 kg above 2019 (83.4 kg per capita). EU exports could grow by 5%, mainly to China (drinking milk and cream).



DAIRY PRODUCTS

SMP AND BUTTER EXPORTS TO GROW IN 2021

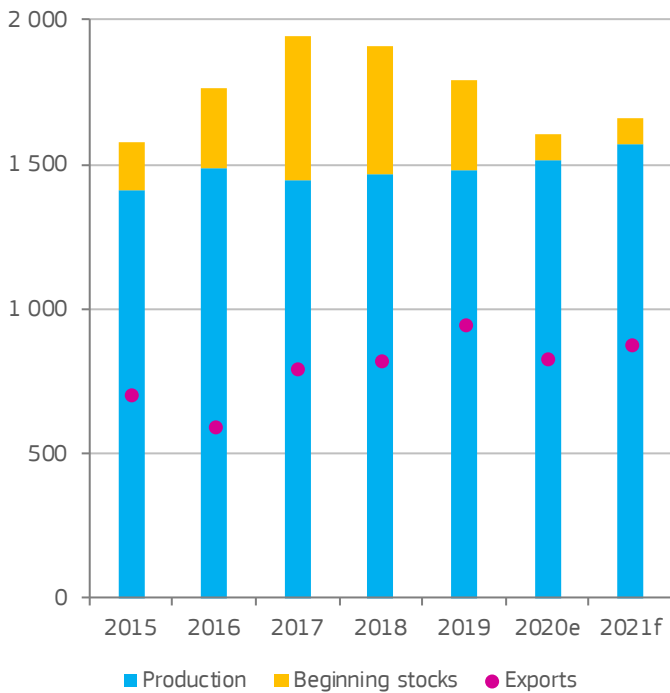
Competitive EU butter price resulted in historically high export levels in 2020. Despite the increase in tariffs imposed on some EU products, shipments to the US grew considerably (+14%).

In 2021, EU butter retail sales and the gradual re-opening of foodservice could allow EU consumption to grow by close to 1%. World demand for EU butter could continue growing too and EU exports could be 4% above 2020 levels. These drivers should support EU production growth by 1.3%.

More milk is expected to be channelled into SMP production, resulting in a 3.5% annual increase in 2021. Driven by the demand from South-East Asia and oil producing countries, exports could recover following a drop in 2020 of around 12% (likely due to lower availabilities in the EU and an increased competition notably in South-East Asian markets). As a result, EU exports could reach 880 000 t in 2021 and would continue supporting EU SMP price.

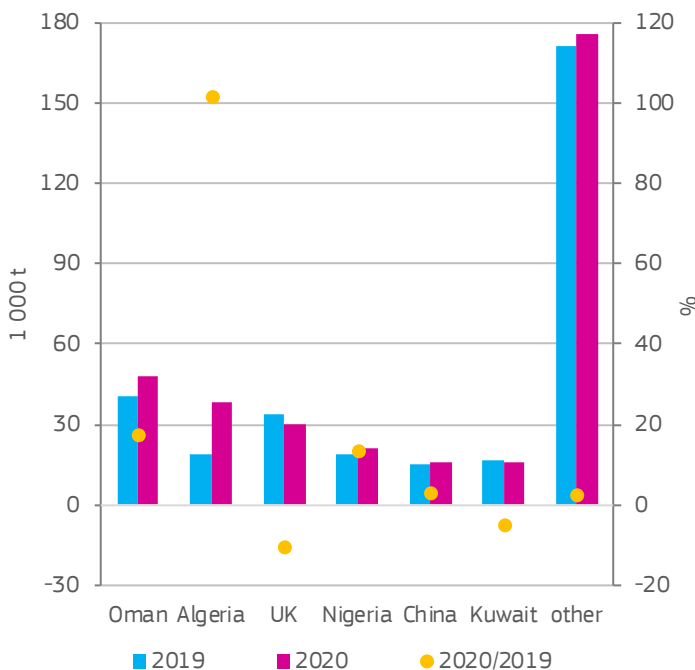
In the EU, demand for SMP used in food processing is growing as well and more SMP could be used in 2021 for this purpose (+0.4%), though lower than in 2019 and 2018 as prices are above those years' levels.

EU SMP availability and exports (1000 t)



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

EU WMP exports volume and change 2020/2019



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

EU TO SUSTAIN WMP EXPORTS

World demand for WMP, driven by China, remained strong during 2020. This supported WMP prices. The increased demand was mainly covered by Oceania, with the EU supplying other markets. EU shipments increased to Oman (18%), Algeria (102%), Nigeria (14%). Those three destinations accounted for around 88% of the total EU WMP export growth (excluding shipments to the UK). Combined with stable domestic use, EU WMP production growth in 2020 is estimated at around 2%.

“EU whole milk powder market should remain stable in 2021.”

In 2021, EU WMP production is expected to be rather stable (+0.5%), to keep up with domestic (around 57% of the production) and export demand. EU shipments could benefit from increasing oil prices, resulting in stronger purchasing power and demand in oil producing countries. Strong demand from China could however keep WMP prices high, which could potentially affect more price-sensitive markets.





KEY MESSAGES

-0.9%

decline of EU beef production in 2021

High pigmeat exports

also in 2021

+1.5%

expected recovery of EU poultry exports in 2021

-1.6%

reduction of sheepmeat availability in the EU

MEAT PRODUCTS

HIGHLIGHTS

EU beef production is expected to slightly decrease in 2021, due mainly to a structural adjustment in the beef and dairy sector combined with lower demand. Exports to high-value markets should continue to increase thanks to recent trade agreements (e.g. Canada, Japan).

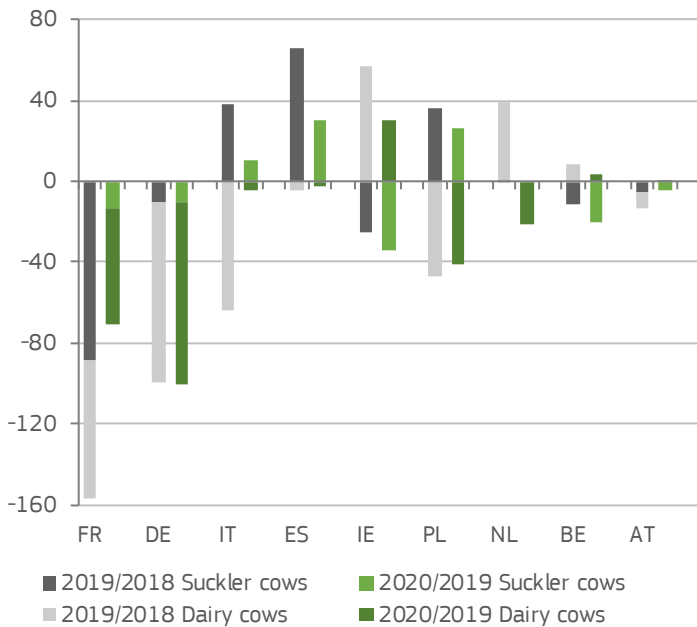
The outbreak of African Swine Fever in DE mid-September resulted in immediate import bans of pigmeat imports from DE by key partners: China, South Korea and Japan. Nevertheless, other EU countries filled the gap and EU trade proved resilient, resulting in continuing high export levels.

The poultry sector continues to grow slowly in the EU. Although trade is expected to pick up again, COVID-19 measures in the EU and Avian Influenza put an important downward pressure on the market.

EU sheep meat market faces strong global and domestic supply shortages (EU production -1%), leading to relatively high prices. Exports of New Zealand are partly redirected to Asia, while facing at the same time some logistical problems. The EU-UK trade relation adds uncertainty to the final picture.

BEEF AND VEAL

Change in number of cows in main producing EU countries (1 000 heads)



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

EU BEEF PRODUCTION CONTINUES DECREASING IN 2021

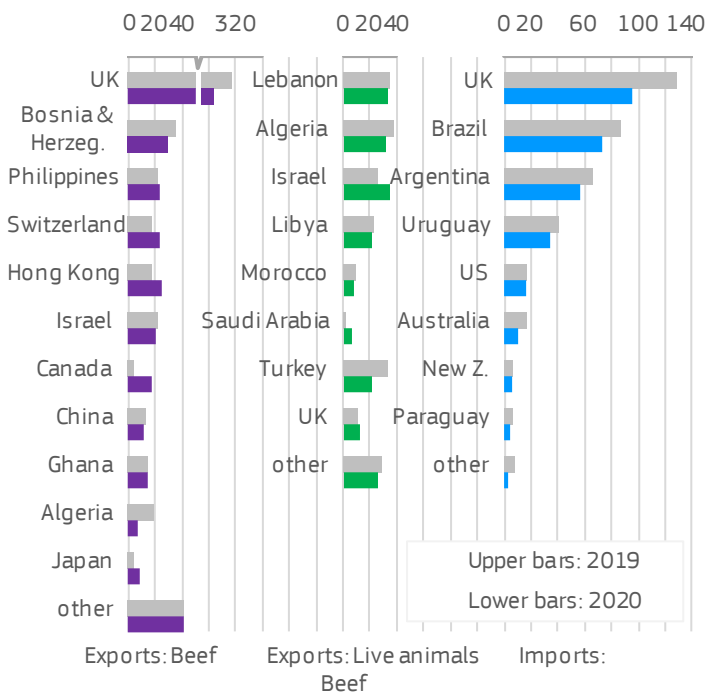
The EU beef production decreased in 2020 by 1.2%. This decrease is mainly due to changes in IT, ES, RO, AT and BE.

In the December 2020 livestock survey, the number of suckler cows decreased in BE, DE, IR, FR, while it increased in BG, ES, HU and PL, leading to an overall increase of 0.4% of the suckler cow herd in the EU (+ 48 000 heads). On the other hand, the dairy herd decreased by 1.1% (or 221 000 heads).

In 2021, the decrease of beef production is expected to continue by 0.9%, because of structural adjustments in the sector, the continuing COVID-19 measures in many EU countries and a low demand from foodservices.

The apparent consumption of beef declined to 10.3 kg per capita in 2020 (-2.5%), and this trend may continue in 2021 by -1%, despite the recovery of demand in the second half of 2021 assuming a progressive reopening of restaurants and return of tourism.

EU beef trade (1 000 t carcass weight)



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

EXPORTS TO HIGH-VALUE MARKETS IMPROVE, WHILE IMPORTS SHOULD RECOVER SLIGHTLY

Beef exports improved by 1.8% in 2020, despite the economic downturn. Exports to high-value markets such as Hong Kong, Canada, Japan, Norway, Switzerland and the US have increased substantially, while shipments to the UK were down. Export growth is expected to continue in 2021 (1%), constrained by limited domestic availability and economic uncertainty. Even though the UK has postponed sanitary and phytosanitary checks and controls for EU imports till next year, trade is still facing logistical challenges. Live exports declined by almost 4% in 2020, to all main destinations. A small recovery is foreseen in 2021 (+1%) as demand will increase again.

Imports plummeted in 2020 (-21%), due to the drop in demand in the EU related to foodservices closure. The UK and Brazil redirected their shipments to China and other Asian destinations. EU imports are expected to recover only by 2% in 2021 as the reopening of foodservices in many EU countries is due to gradually take place in 2021.



PIGMEAT

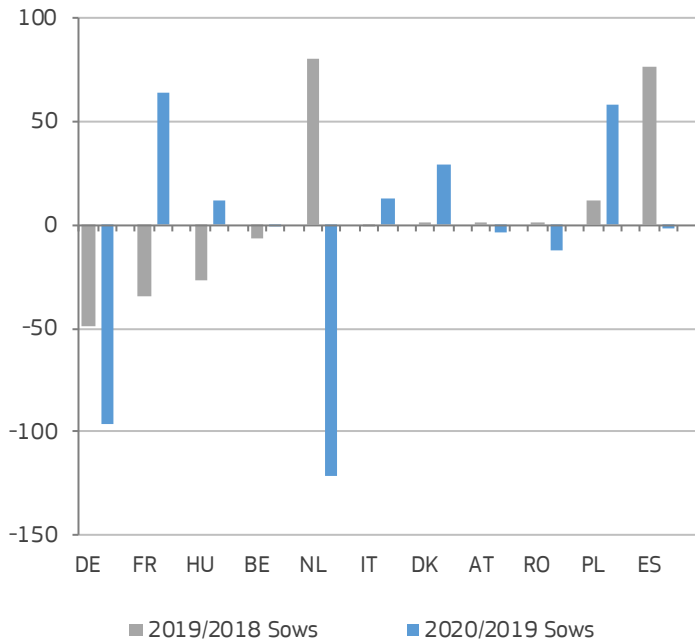
EU PIGMEAT PRODUCTION GROWTH WILL SLOW DOWN IN 2021

EU pigmeat production increased by 1.2% in 2020, driven by the export demand. The December 2020 livestock survey indicates an increase in the number of fattening pigs by 750 000 heads or 0.8%. The number of piglets also increased by 2.2 million heads, mainly in FR. This will probably lead to an increase of pigmeat production in the first half of 2021. The number of sows, on the contrary, decreased by 0.5%.

After a stabilisation during summer 2020, pig prices started to decline again mainly due to COVID-19 restrictions in slaughterhouses. This was accelerated at the end of 2020 by the discovery of ASF in wild boars in Germany mid-September and the resulting export bans. This put a downward pressure on prices until the beginning of 2021, when they started recovering notably thanks to continuous demand from China and lower domestic supply.

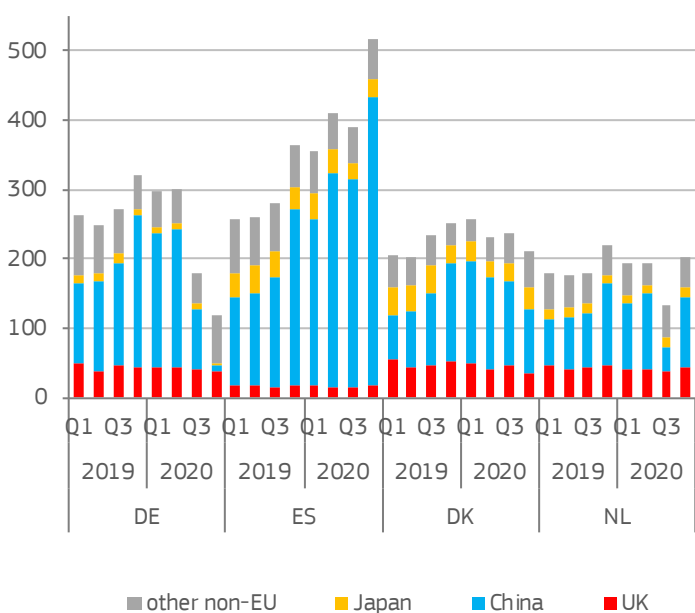
Overall, the production of pigmeat is set to increase only slightly by 0.7% in 2021. The apparent consumption of pigmeat is projected to increase to 32.7 kg per capita (+1.4%) as more pigmeat will be available on the domestic market.

Change in number of breeding sows in main producing EU countries (1 000 heads)



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

Quarterly pigmeat export (1 000 t carcass weight)



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

EXPORTS TO CHINA AT RECORD LEVEL DESPITE ASF

Exports of pigmeat were up by 18% in 2020. By far the largest share went to China, increasing its trade with the EU by around 1 million t. Although the ASF cases in Germany resulted in immediate trade restrictions of exports to key partners (China, South Korea and Japan), other EU MS were able to take over the gap left by German traders. Other EU countries, like Belgium, Hungary and Poland, are (still) facing similar export restrictions.

“ASF cases resulting in trade restrictions of exports to key partners.”

After two years of spectacular growth, exports will decrease but still stay at very high level. The pigmeat sector in China starts to recover but new cases of ASF are still appearing, which may slowdown progress. The recovery from ASF in other Asian regions will take even more time. Despite the search for a vaccine against ASF, no successful trials or developments have been reported.

Despite the search for a vaccine against ASF, no successful trials or developments have been reported.



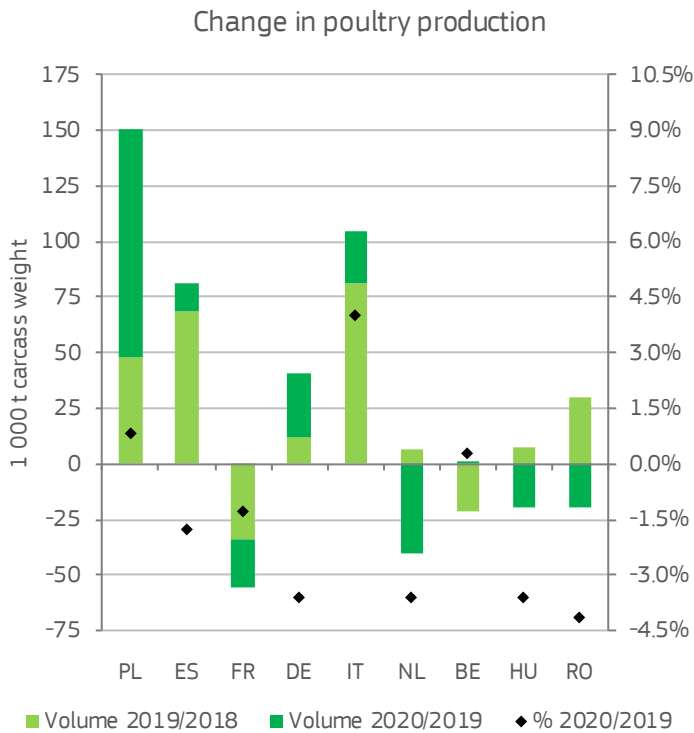
POULTRY

EU POULTRY PRODUCTION TO INCREASE MODERATELY OVER 2020 AND 2021

EU poultry production grew by only 1% in 2020, with production expanding in the larger producing countries (IT, PL, ES, DE). So far in winter 2020/21, Avian Influenza has been detected on poultry farms in 18 EU countries, affecting EU production and export potential. At the same time, the COVID-19-related closure of foodservices resulted in accumulating stocks that continue weighing on the market.

“Avian Influenza impacting on EU production and exports.”

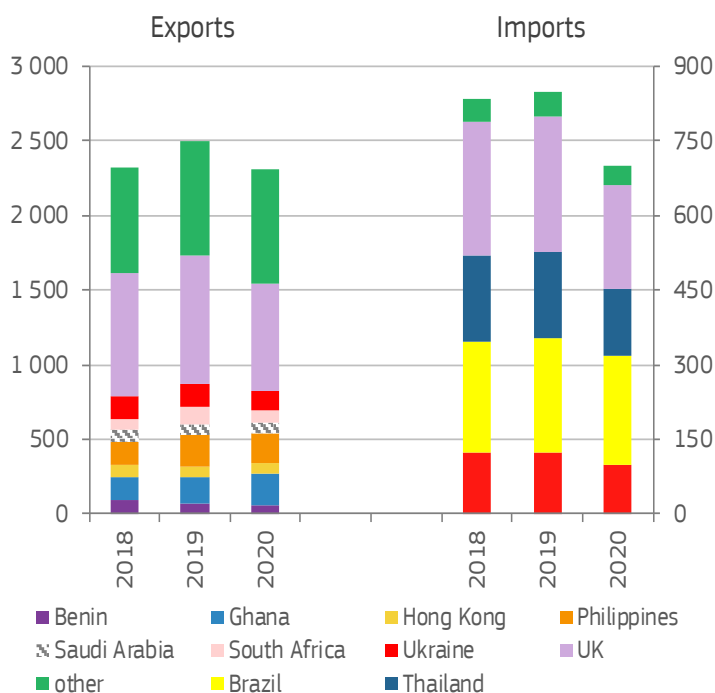
Another important factor is the recent increase of feed costs. Nevertheless, placings at the start of 2021 are higher than at the same period last year. Overall, a modest growth is forecast for 2021 (+1%).



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

22

EU poultry trade by main partners (1 000 t)



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

SLOW RECOVERY OF EU TRADE IN 2021

EU poultry exports declined sharply by 7% in 2020. Several countries have closed their doors to chicken (parts) from the EU. The UK, South Africa, Ukraine and China were among the destinations that faced major setbacks. The situation with South Africa is particularly challenging because of the recent threat of additional anti-dumping duties on imports, including from the EU. As Avian Influenza continues to spread in the EU, bans on imports from the EU will be only gradually lifted. EU exports should therefore recover slowly, resulting in an overall increase of merely 1.5% in 2021.

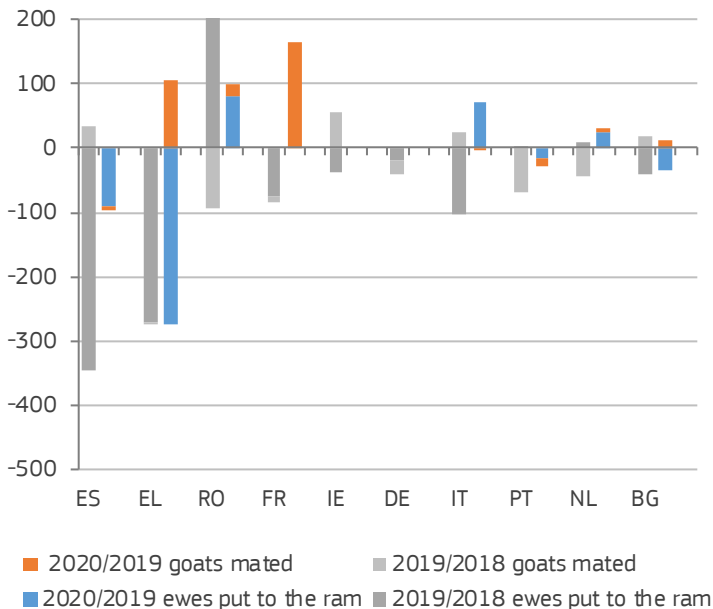
Imports in 2020 were down by 17%. Lower demand for poultry meat from foodservices, the main client for imported poultry, played a predominant role. At the same time, key suppliers on the international market, redirected shipments to China, where prices were very remunerative. The recovery in 2021 is expected to be only partial (+4%) as the situation described above is going to continue in 2021. Moreover, 20 Brazilian poultry establishments are still delisted and cannot export to the EU. Ukraine, one of the key exporters to the EU, has also reported Avian Influenza outbreaks and could not export to the EU in the first quarter until regionalisation was accepted and exports could resume.



SHEEP/GOAT MEAT

SHEEP AND GOAT MEAT PRODUCTION DOWN IN 2020

Change in number of mated sheep and goats in main producing EU countries (1000 heads)



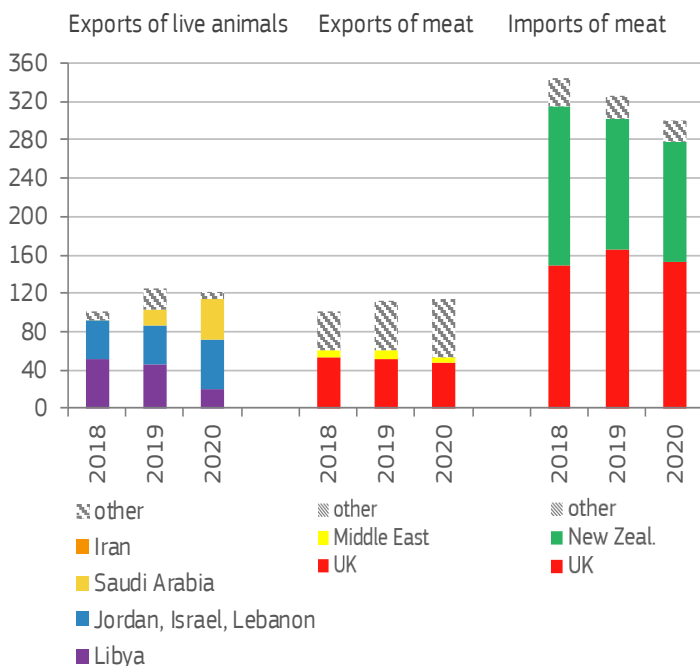
Source: DG Agriculture and Rural Development, based on Eurostat

The December 2020 livestock survey showed a decline in the size of the sheep and goat flock in the EU, but the number of ewes put to the ram slightly increased, mainly in FR and EL.

Contrary to the figures of the first half of 2020, EU sheep and goat meat production increased by 2% in 2020, mainly thanks to the important share of on-farm slaughterings in RO. In 2021, a decrease in production of 1% is forecast due to a structural decline of the flock size during the last years and less on-farm slaughterings in RO. This is expected to contribute to an increase in domestic prices.

The COVID-19 measures and the closure of foodservices continue to affect the market demand. It is yet unclear how this situation will impact the seasonal demand for religious festivities in spring 2021.

EU sheepmeat trade by main partner (1 000 t)



Source: DG Agriculture and Rural Development, based on Eurostat

LOWER AVAILABILITY DUE TO SHORTAGES IN DOMESTIC AND GLOBAL SUPPLY

EU sheep meat exports increased by almost 3% in 2020. Higher volumes went to Switzerland and key destinations in the Middle East, compensating a decline of exports to the UK (-7%), Libya, Lebanon and Turkey. Shortage in domestic supply and relatively high prices (heavy lamb) could lead to a stabilisation of exports in 2021.

Exports of live animals decreased in 2020 by almost 3% despite the higher demand from Saudi Arabia and Jordan. Fewer animals were shipped to Libya and Lebanon. Exports of live animals are set to stabilise in 2021 due to the sustained demand in the Middle East and limited domestic supply.

Imports of sheep meat were down by 7.2% in 2020 although Australian shipments to the EU increased. Imports from the UK declined in the first half of 2020, but this was partly compensated by a more favourable second half, ending at 8% on a yearly basis. Imports from New Zealand went down (-9%) due to unfavourable weather conditions, higher shipping costs and more attractive markets in Asia. This situation is likely to continue in 2021, leading to an additional cut in imports of -3%, despite the attractive domestic prices.



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 six calendar years for meat and dairy and six marketing years for crops and fruit and vegetables.

SOURCES

- DG Economic and Financial Affairs
 - Annual macroeconomic database (AMECO)¹
 - European Economic Forecast (Winter 2021 – interim)²
- European Central Bank staff macroeconomic projections for the euro area (March 2021)³
- IHS Markit
 - DataInsight database
 - Commodity Price Watch (March 2021)
- COVID-19 Vaccine Tracker of the European Centre for Disease Prevention and Control⁴
- World Bank, Commodity Markets (March 2021)⁵
- 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 and intra-EU trade statistics).

Due to some inconsistencies in intra-EU trade reporting, intra-trade is based on export figures only, i.e. imports of France are calculated as extra-EU imports plus exports of EU partners to France. This with the exception of the UK that still remains in the intra-EU trade reporting, even though it is not part anymore of the EU since February 2020 and therefore included in extra-EU trade figures. For trade with the UK, only the declaration of the Member States are considered, both imports and exports.

- Weekly commodity prices communicated to DG Agriculture and Rural Development by the Member States.

¹https://ec.europa.eu/economy_finance/ameco

²https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/winter-2021-economic-forecast-challenging-winter-light-end-tunnel_en

³https://www.ecb.europa.eu/pub/projections/html/ecb.projections202103_ecbs.taff~3f6efd7e8f.en.html

⁴<https://vaccinetracker.ecdc.europa.eu/public/extensions/COVID-19/vaccine-tracker.html>

⁵<https://www.worldbank.org/en/research/commodity-markets>

Macroeconomic forecast is based on sources provided by the European Central Bank, with additional insights from European Commission (DG Economic and Financial Affairs) and IHS Markit.

Production forecast for current and next year is based, depending on the sector, on Eurostat monthly data, official estimates of ministries, national statistical institutes, national or European organisations, MS notifications to DG Agriculture and Rural Development and on the Crop Monitoring and Yield Forecasting projections (JRC MARS AGRI4CAST⁶) 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 estimated and forecasted 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.

As Brexit took place on 31 January 2020, market outlooks reflect the current EU-27 composition for the whole reporting period. This is valid for all markets except sugar for which EU-27 balance sheets are produced only from 2019/2020 not to disclose confidential information on UK sugar stocks.

Following the conclusion of the EU-UK Trade and Co-operation Agreement in December 2020, forecasts for 2021 calendar year assume duty-free/quota-free trade between the two.

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 over the 12 last years 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.

⁶<http://mars.jrc.ec.europa.eu/mars/About-us/AGRI4CAST/Crop-Monitoring-and-Yield-Forecasting>

Balance sheets

They are based on a marketing year starting with the harvest: July/June for cereals and Oct/Sept for sugar. Thus, area, yield and production figures of crops refer to the year of harvest.

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. Forecast is based on information about the ethanol production development. Stocks are closing the balance for cereals⁷. 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, soya beans 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 soya beans 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 soya bean meal and 55 % for sunflower meal and 41% for rape oil, 20 % for soya bean oil and 42 % for sunflower oil.

Sugar

For sugar beet area, yield and production, the procedure is similar to the other arable crops. It includes sugar beets for sugar production and for ethanol production. The balance sheet includes only sugar beet production processed into sugar⁸ and white sugar. 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 sugar expressed in white sugar equivalent (e.g. no isoglucose) and take into account sugar beet production outside of the quota (up to 2016/2017). Trade of products containing sugar is reported under net exports in processed products under domestic uses of white sugar. These are estimated by applying conversion coefficients to trade volumes of over 400 processed food products. Industrial and biofuel use is based on historical data

⁷ 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.

⁸ Sugar beet production processed directly into ethanol is not accounted for in the white sugar production.

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 (up to 2016/2017).

For confidentiality reasons with regard to Member States notifications on stocks, EU+UK sugar balances are presented in this report up to 2019/2020. For the same reason, only change in EU stocks is presented for 2020/2021.

Isoglucose

Production and stocks data originate from MS notifications under the Common Market Organisation (CMO) when they become available. The balance closes over consumption. 2019/2020 estimates and 2020/2021 forecast are based on trends and experts judgment.

Biodiesel

The balance sheet is based on calendar year. Production data comes from Eurostat. Data covers production from various feedstocks, including vegetable oils, used cooking oils, animal fats and waste (e.g. tall oil). Consumption includes fuel use data from Eurostat and own estimates of biodiesel for other uses. Trade figures include trade of pure biodiesel as well as biodiesel in blends. Biodiesel traded in blends is estimated using blending coefficients. Stock data is not available and therefore changes in stocks are presented as closing variable. 2019 estimates and 2020 forecast are based on trends and experts judgment.

Ethanol

The balance sheet is based on calendar year. Production and consumption data is taken from MS notifications. To these data, an estimate is added for ethanol produced from non-agricultural waste directed to fuel use. Production data covers production from various feedstocks, including cereals, sugar (beet) and molasses, other agricultural feedstocks (e.g. wine and potatoes) and (non-)agricultural residues and waste (e.g. straw). Consumption includes fuel use, use for food and beverages, and industrial and other use. Trade data covers undenatured and denatured ethyl alcohol, applying a conversion coefficient to pure alcohol of 92%, and excludes trade in blends. Stocks are the closing variable. 2019 estimates and 2020 forecast are based on trends and experts judgment.

SPECIALISED CROPS

Olive oil

The balance sheet is based on a campaign starting with the harvest: October/September.

Production estimates present MS notifications for an ongoing campaign. Exports and imports are based on seasonal trends

and trends observed in previous years in main export destinations. Consumption estimates take into account different trends in main producing countries (Spain, Italy, Greece and Portugal) and the rest of the EU. In the former, the link between a variation of annual production and consumption change is taken into account. The balance closes on ending stocks.

Wine

The balance sheet is based on a campaign from August to July.

The forecast of vinified production is based on MS notifications for an ongoing campaign. An estimate of the vinified production used for 'other uses' is based on total vinified production as well as the consumer demand for products such as vermouth, cleaning products etc.

Exports and imports are based on trends and market expertise.

Consumption estimates take into account different trends in main consuming countries (Spain, Italy, France and Germany) and the rest of the EU. The balance closes on ending stocks.

Apples

The balance sheet is based on marketing year starting with the harvest: August/July. It includes apples both for fresh consumption and for processing.

The forecast of total apple production is based on forecasts of national or European sectoral organisations. These data, as well as last years' production and consumption, are used to estimate use of apples for processing.

When MS information on stocks is available via World Apple and Pear Association (WAPA), the balance closes on consumption.

Exports and imports are based on seasonal trends and trends observed in previous years in main export destinations. Trade of processed apples is expressed in fresh apple equivalent. The conversion coefficients used to convert processed products into fresh apple weight rates vary between 1.3 and 6⁹.

Tomatoes

The balance sheet is based on a calendar years It includes tomatoes both for fresh consumption and for processing.

The total production of tomatoes consists of the production of 'tomatoes for fresh consumption' and the production of 'tomatoes for processing'. Eurostat is used for the production of fresh tomatoes and World Tomato Processing Council figures for the production of tomatoes for processing.

The production forecast for 2020 for fresh tomatoes is based on trends and market expertise. The forecast for tomatoes

⁹ Conversion coefficients are laid down in Working Document 'Handbook for compiling supply balance sheets – fruits (ESTAT/ASA/PE/641rev3_WPM)

for processing is based on forecasts from the World Tomato Processing Council.

Trade of processed tomatoes is expressed in fresh tomato equivalent. Conversion coefficients used to convert processed products into fresh tomato weights vary between 1.13 and 19.5¹⁰.

Trade projections are based on production, consumption estimates and trends observed in previous years in main export destinations.

Stocks of both fresh and processed tomatoes are assumed to be zero. Consumption is calculated as a residual. This implies that stock changes are included in consumption figures.

Peaches and Nectarines

The balance sheet is based on a calendar year. It includes peaches and nectarines both for fresh consumption and for processing.

Historical data are based on Eurostat. The total production of peaches and nectarines adds up the production of 'peaches' and the production of 'nectarines'. The production of peaches and nectarines for fresh consumption is calculated as the total production of peaches and nectarines minus peaches for processing.

The production forecast is based on estimated production changes by Europeche and applied to the Eurostat data.

Trade of processed peaches is expressed in fresh peach equivalent (conversion coefficient is 1 for all processed products, but 6 for dried peaches and nectarines). Projections are based on information about production and trends in consumption as well as trends in main export destinations.

Stocks of fresh peaches are assumed zero. Consumption is calculated as a residual.

Oranges

The balance sheet is based on a campaign starting with the harvest: October/September. The balance sheet includes fresh oranges and processed oranges (mainly juice and jams) and is expressed in fresh equivalent.

Area, yield and production data comes from Eurostat. Own estimates are used for oranges produced for processing. Trade of processed oranges is estimated using conversion coefficients into fresh equivalent¹¹. No stock data is currently available. The balance closes over apparent consumption. 2020/2021 forecast is based on trends and experts judgment.

¹⁰ Conversion coefficients are laid down in Working Document 'Handbook for compiling supply balance sheets – vegetables (ESTAT/ASA/PE/640rev3_WPM)

¹¹ Conversion coefficients are laid down in Working Document 'Handbook for compiling supply balance sheets – vegetables (ESTAT/ASA/PE/640rev3_WPM)

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 unless specified otherwise¹².

Production forecast for the year 2020 is 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.

Production of EU-27 total dairy products and in particular for SMP and WMP are estimated, where necessary since the concentration in the dairy processing industry has resulted in an increasing number of Member States not publishing their (monthly) production statistics due to confidentiality.

Dairy products production for year 2019 is based on Eurostat annual statistics, estimates for 2020 are based on the available monthly statistics, taking into account the country coverage and sample characteristics. Forecast in 2021 is based on current market developments, price expectations, 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 forecast is 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.

DATA

Balance sheets for the EU and production figures at Member State level are available on Europa: https://ec.europa.eu/info/food-farming-fisheries/farming-facts-and-figures/markets/outlook/short-term_en

ABBREVIATIONS

AI	Avian Influenza
ASF	African Swine Fever
AT	Austria
BE	Belgium
BG	Bulgaria
CY	Cyprus
CZ	Czechia
DE	Germany
DK	Denmark
ECB	European Central Bank
ECDC	European Centre for Disease Prevention and Control
EE	Estonia
ES	Spain
FDP	fresh dairy products
FI	Finland
FR	France
EL	Greece
HR	Croatia
HU	Hungary
IE	Ireland
IT	Italy
LT	Lithuania
LU	Luxembourg
LV	Latvia
MMBtu	million British thermal units (approximately 293.1 kilowatt hours)
MT	Malta
NL	Netherlands
PL	Poland
PT	Portugal
RO	Romania
SE	Sweden
SI	Slovenia
SMP	skimmed milk powder
SK	Slovakia
WB	World Bank
WMP	whole milk powder

¹² 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.

FINDING INFORMATION ABOUT THE EU

Online

Information about the European Union in all the official languages of the EU is available on the Europa website at:
https://europa.eu/european-union/index_en

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