European Commission

Directorate-General for Agriculture

PROSPECTS FOR AGRICULTURAL MARKETS AND INCOME IN THE EUROPEAN UNION

2006 – 2013

July 2006

NOTE TO THE READERS

The forecasts presented in this publication consist of a set of market and sector income projections elaborated on the basis of specific assumptions regarding macro-economic conditions, the agricultural and trade policy environment, weather conditions and international market developments. They are not intended to constitute a forecast of what the future will be, but instead a description of what may happen under a specific set of assumptions and circumstances, which at the time of projections were judged plausible. As such, they should be seen as an analytical tool for medium-term market and policy issues, not as a short-term forecasting tool for monitoring market developments and addressing short-term market issues.

The projections and analyses for the EU-25 have been mainly carried out on the basis of three economic models currently available in the Directorate-General for Agriculture and Rural Development of the European Commission.

This report is based on the information available at the beginning of June 2006. Therefore it does not take into account the potential outcome of the multilateral trade negotiations within the framework of the Doha Development Round. Nor does it take into account the potential medium-term effects of the Avian influenza on the meat markets or the effects of the recently adopted reform of the sugar CMO on the sugar market. The analysis covers the period between 2006 and 2013.

EXECUTIVE SUMMARY

The market projections presented in this report for the main agricultural products in the EU-25 were established under a specific set of assumptions. These cover the outlook for the macro-economic environment, with a gradual recovery of EU economic growth and a strengthening of the US$ over the medium term. World agricultural commodity markets are projected to show growing demand and trade. Since this report is based on the information available at the beginning of June 2006, no account could be taken of the potential outcome of the multilateral trade negotiations within the framework of the Doha Development Round. Therefore, the Uruguay Round Agreement on Agriculture and other existing trade commitments are assumed to remain unchanged and to be met over the period 2006-2013. The impact of the recently adopted sugar reform has only been taken into account for the cereal and oilseed sectors**.**

The medium-term projections depict an outlook for the EU **cereal markets** that would appear moderately positive for most EU cereals thanks to the expansion of domestic consumption and cereal exports. Domestic use of cereals is foreseen to increase slightly thanks to the growth in the livestock industries and the emerging bioethanol and biomass demand in the wake of the initiatives taken by Member States in the framework of the biofuel directive and the biomass action plan. The EU would also increasingly benefit from a growing world demand supported by the assumed strengthening of the USD over the medium term. These developments on the internal and external markets would result in relatively balanced cereal markets over the medium term in most EU regions.

Despite these favourable general conditions, the further delayed integration of land locked new Member States into the single market owing to marketing inefficiencies is identified as a significant downward risk for regional cereal markets. Structural surpluses, particularly of maize, would weigh heavily on the Hungarian and Slovakian markets over the projection period. From 2009 onwards the on-going trade integration, the improving domestic use and the introduction of mandatory set aside should lead to a gradual and significant improvement of regional soft wheat and maize markets.

Market perspectives for the EU **oilseed sector** are foreseen to be supported by productivity increases, favourable conditions on world markets and the increasing biodiesel demand in the EU. The production potential for non-food oilseeds would however remain constrained by the limitations of the Blair House agreement (with a maximum production of 1 mio t of soybean meal equivalent on set aside land). Despite the projected moderate increase in oilseed production, the EU will continue to remain a large net importer of oilseeds.

The medium-term perspectives for the **meat sector** are relatively positive for poultry and pig meat markets, while beef meat production is expected to decline as a consequence of the CAP reform and strong competition from the world market. Total per capita meat consumption is projected to increase by 2.2 % altogether by the end of the forecast period.

Projections for beef and poultry production have been revised slightly downward compared to the February 2006 forecasts in view of the latest short-term estimates. The latest available trade figures have lowered projections of beef exports over the medium

term, indicating an even greater widening of the trade deficit than previously foreseen. The EU-25 will continue to be a net exporter of poultry meat, although at a declining rate as imports are forecast to resume their growth (already rebounding by 11% in 2005). On the other hand there is scope for a moderate increase in pig meat exports, despite the slight set-back of 2005.

It should acknowledged that this relatively positive market outlook for poultry meat rests on the assumption –based on current indications- of an effective eradication of Avian Influenza by the end of 2006 and no further cases over the medium term. Any change in these sanitary assumptions could significantly affect future market perspectives like in early 2006 when the appearance of the H5N1 strain of the Avian Influenza virus in the EU led to disrupted production patterns, weakening consumer confidence and export opportunities, with a pronounced effect on market prices.

The market balance for the major **dairy products** is expected to improve over the medium term, with increasing cheese production and consumption, but lower availabilities of butter and SMP. Revisions have also been carried out for the dairy sector projections based on updated short-term estimates. The present volatility of the butter market is expected to persist over the short-term, resulting in reduced exports and increasing intervention stocks, but the resulting price decline should provide enough incentive to further reduce production and thus improve the market balance over the medium term.

Based on these market projections and the financial perspectives for the EU over the period 2005-2013, the medium-term income projections display a rather favourable outlook as the EU-25 **agricultural income** would grow by 18 % between 2005 and 2013 in real terms and per labour unit.

If the overall outlook for EU agricultural markets and income over the next seven years appears relatively favourable, **it clearly remains subject to some important uncertainties**. The latter relate in particular to the outcome of the Doha Development Round of trade negotiations and to the risks linked to animal disease such as Avian Influenza, which could have far reaching implications for the future pattern of EU agricultural markets. The impact of other factors such as the accession of Bulgaria and Romania, the policies on renewable energies as well as the fluctuations in the $/€ exchange rate could also have important implications for EU agricultural markets and income.

1. INTRODUCTION

This report summarises the main results and underlying assumptions of medium-term projections for the markets of some key agricultural products and for the sector income in the European Union for the period 2006-2013. The results presented are based on data and other information available at the beginning of June 2006. In particular the projections take into account the short-term developments foreseen for 2006 and 2007 on domestic and world markets.

These projections are established under a specific set of assumptions. The most important assumptions cover agricultural and trade policies, as well as the outlook for the macro-economic environment and for world agricultural commodity markets. These working hypotheses have been defined on the basis of the information available, which at the time of the analysis were judged the most plausible:

(1) The implementation of the **single farm payment** scheme as part of the Common Agricultural Policy (CAP) reform decisions allows Member States to choose among different options, which will influence the degree of "decoupling" of the payments. Member States have communicated their preferred option and, based on this information, it has been estimated that in 2013 approximately 90 % of the budgetary transfers in the form of direct payments (including national envelopes and top-ups) for the arable crops, milk, beef and sheep sectors will be part of the single farm payment for the EU-25 as a whole. The rate would be higher for the milk (100 %) and arable crop (93 %) sectors than for beef and sheep sectors (78 % and 73 % respectively).

(2) All transitional measures of the CAP in the **new Member States**, i.e. the phasing-in of direct payments as well as the top-up possibilities and the production quotas are expected to operate under the rules agreed upon in the 2002 Copenhagen summit. Eight out of the ten new Member States adopt the single area payment scheme, while Slovenia and Malta implement the current EU legislation on direct payments. From 2009 onwards the eight new Member States are assumed to adopt the regionalised system. Slovenia and Malta would implement the regionalised system from 2007 onwards. Enlargement to Romania and Bulgaria, foreseen for 2007, has not been taken into account in this publication in order not to prejudge the effective entry date for the two countries.

(3) After a reduction to 5 % for the 2004/05 marketing year, the mandatory **set-aside rate** returned to the regulatory 10 % in 2005/06. The set-aside area is assumed to remain fixed at that level for the rest of the period. For those new Member States which opted for the single area payment scheme, the set-aside obligations would only apply from 2009 onwards.

(4) It is also assumed that all commitments taken within the **Uruguay Round Agreement on Agriculture** (URAA), regarding in particular market access and subsidised exports, will be fully respected. Thus, subsidised exports are expected not to exceed the annual URAA limits, whereas imports under current and minimum access are fully incorporated.

In addition, since this report is based on the information available at the beginning of June 2006, no account could be taken of the potential outcome of

the multilateral trade negotiations within the framework of the Doha Development Round. Therefore, the URAA commitments are assumed to remain unchanged over the period 2006-2013.

(5) The **macro-economic environment** in the EU shows signs of a return to more robust economic growth in 2006. After reaching annual average GDP growth rates above 2% in 2004, economic activity has been more subdued in 2005 with a growth rate of 1.6%. Growth is expected to return to its potential at the beginning of the projection period with 2.3% in 2006 and reach 2.2% in 2007 and 2.4% in 2008.

According to the short-term economic forecasts from the European Commission released in February 2006[1], the recovery is underpinned by an acceleration in domestic demand, with a slight stimulus from export demand. This includes, more specifically, a relatively strong pick-up in the pace of investment expenditure and a more gradual recovery of private consumption in line with the steady improvement of the labour markets.

Despite the stagnant GDP growth observed in the old Member States over the last few years, economic growth has remained strong in the new Member States. Expanding domestic consumption and improving economic conditions in the rest of Europe should result in an average growth rate of 3.9 % in the new Member States in 2005. Growth would accelerate further to 4.8% in 2007.

Table 1: Assumptions on macro-economic variables in the European Union, 2005 – 2013

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Population growth (in%)									
EU25	**0.3%**	**0.3%**	**0.3%**	**0.2%**	**0.2%**	**0.2%**	**0.2%**	**0.1%**	**0.1%**
of which EU15	0.4%	0.4%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%
of which EUN10	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%
GDP growth (in%)									
	1.6%	2.3%	2.2%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
Inflation (in%)									
	1.8%	1.8%	2.0%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%
Exchange rate									
US$/€	**1.24**	**1.19**	**1.20**	**1.20**	**1.19**	**1.18**	**1.16**	**1.15**	**1.15**

The international environment should also remain supportive. After a vigorous GDP growth of 5.1 % in 2004, the world economic growth dampened to 4.6% in 2005. The fast pace of world economic activity is expected to be sustained for most of 2006 and the annual average growth rates of the world economies are projected to remain unchanged at 4.6%.

There exists a number of downside risks to this macro-economic outlook, notably further oil price hikes, disorderly exchange rate adjustments and more subdued consumer confidence which, if confirmed, would weigh on private consumption growth and could also hold back investment plans. On the upside, private consumption could pick up pace more rapidly, boosted, *inter alia*, by the beneficial impact of structural reforms.

[1] European Commission, Directorate-General for Economic and Financial Affairs. Economic Forecasts, Spring 2006. *European Economy* No.2/2006.

The medium-term prospects for economic growth in the EU should rely on the acceleration in domestic demand. The export oriented sectors should also benefit from the sharp growth projected for many emerging economies. In this respect, economic growth would remain rather stable over the medium term at 2.4 %, with growth rates in the new Member States exceeding 4 % per year on average while those in the old Member States would stagnate at 2.3 % over the projection period. Inflation is also assumed to remain stable over the medium-term at around 1.9 %.

The **$/€ exchange rate**, which reached approximately 1.3 during the year 2004, depreciated somewhat in the first half of 2005, reaching 1.18 by the end of December 2005. The euro gained strength in 2006, peaking at 1.27 in May and falling only slightly in June to 1.26. The average exchange rate is forecasted at 1.19 for 2006. The euro is assumed to return gradually to 1.15 against the US dollar by 2012, as the impact of the short-term factors contributing to the recent weakening of the US dollar (including the swiftly growing current-account and budget deficits in the US) may be expected to give way to more fundamental structural factors.

(6) The medium-term outlook for **world agricultural markets** is foreseen to remain essentially supported by rising food demand driven by an improved macro-economic environment (with more broadly-based and sustainable growth), higher population, urbanisation and changes in dietary patterns, particularly in many emerging economies. World trade in agricultural commodities is expected to demonstrate sustained growth, as demand for food products should outpace production in many developing countries, while commodity prices are projected to display only moderate increases over the medium term.

Global trade for wheat and coarse grain trade is projected to grow moderately. After the low level recorded in 2004, world cereal prices are projected to recover over the medium term as supply adjusts to global demand growth, with wheat and maize prices reaching up to around 150 $/t and 117 $/t respectively by 2013. Oilseed prices are foreseen to display a certain stability over the forecast period, with soybean prices projected at 258 $/t and rapeseed prices at 268 $/t in 2013.

Meat markets are expected to show some stabilisation over the medium term, with world beef prices declining slightly after a short-term price surge due to trade disruptions related to sanitary crises. World dairy prices are expected to ease down somewhat after the strong increase of 2004, in line with projected rapid expansion of milk production in low-cost producing regions (such as Oceania), but to remain at relatively high level throughout the projection period thanks to a rising demand in developing countries (South East Asia, Middle East and North Africa).

2. ARABLE CROPS

2.1. Overall prospects for cereals

The medium-term projections depict an outlook for the EU cereal markets that would appear moderately positive for most EU cereals thanks to the expansion of domestic

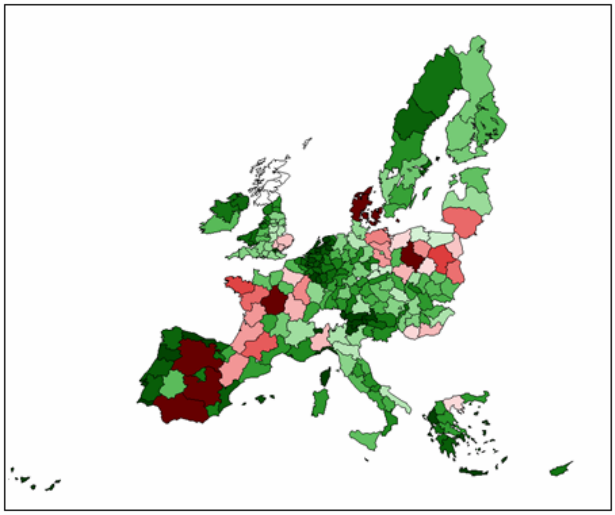
consumption and cereal exports. Domestic use of cereals is foreseen to increase slightly thanks to the growth in the livestock industries and the emerging bioethanol and biomass demand in the wake of the initiatives taken by Member States in the framework of the biofuel directive and the biomass action plan. The EU would also increasingly benefit from a growing world demand supported by the assumed strengthening of the USD over the medium term. These developments on the internal and external markets would result in relatively balanced cereal markets over the medium term in most EU regions.

Despite these favourable general conditions, the further delayed integration of land locked new Member States into the single market owing to marketing inefficiencies is identified as a significant downward risk for regional cereal markets. Structural surpluses, particularly of maize, would weigh heavily on the Hungarian and Slovakian markets over the projection period, with however a gradual improvement towards the end of the projection period.

2.2. Area allocation

Total cereal area would remain fairly constant over the projection period around 51 to 52 mio ha. Graph 1 gives an overview on area allocated to cereals in EU-25 regions in 2013. Whereas the trend towards a lower share of cereals in crop rotation would continue in certain marginal regions in northern Europe, the share of cereals in total agricultural area would still increase in major producing regions. The latter is mainly due to the fact that major competitors of cereals as potatoes or sugar beet face saturated markets and very little export opportunities. Furthermore a projected increase in total oilseeds area would not take place at the expense of cereals.

Graph 1: Regional distribution of cereal area in EU-25 regions in 2013

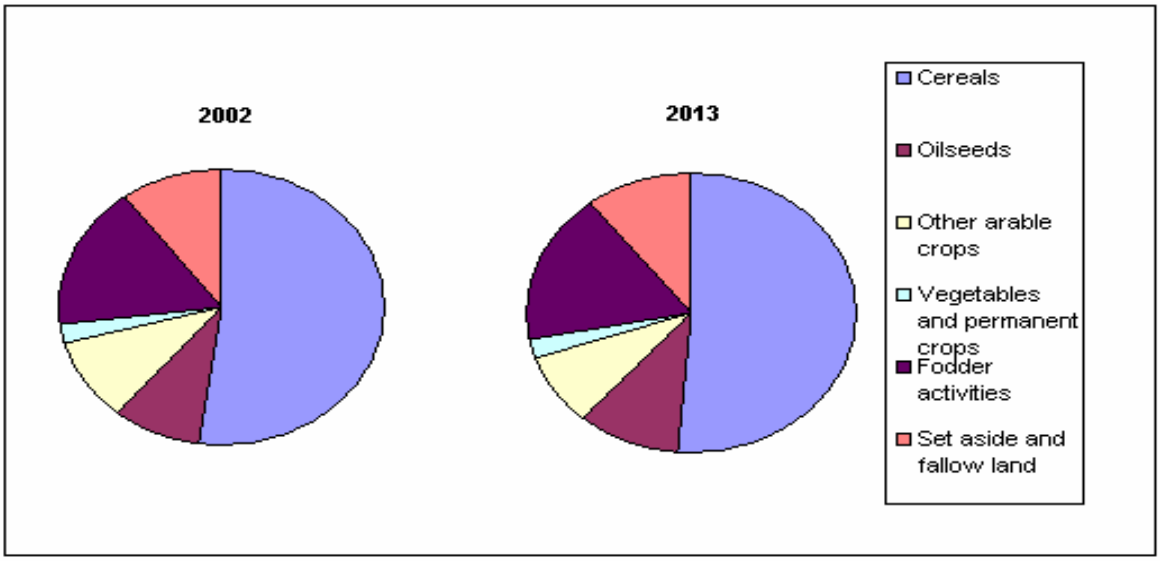


Note: From dark green to dark red: from around 0.001 to more than 1.9 mio ha.

Graph 2 summarizes these perspectives with the crop rotation in the years 2002 and 2013 for an average EU-25 farm specialised in field crops. Specialised farms would not be expected to limit the role of cereals in their rotation. The composition of cereals in the rotation would change over time. Improvements in their relative profitability would lead to a slight increase in the area used by soft wheat, rye and other grains. Barley would continue to lose competitiveness against other crops such as soft wheat which translates into declining harvested area. Durum wheat area would stabilise at 3.5 mio ha thanks to improved price levels on the domestic markets.

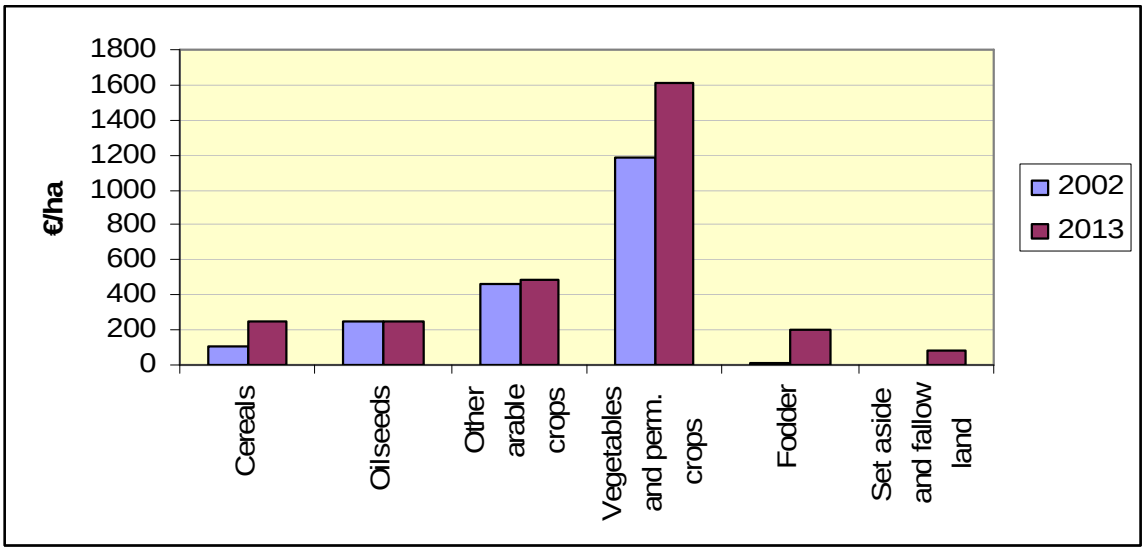
Maize area would remain fairly constant at approximately 6 mio ha within the EU. Despite regional producer prices significantly below intervention prices for the first years of the projection period, maize area in Hungary and Slovakia would continue to expand thanks to low levels of production cost, the comparatively favourable producer price level relative to the situation before membership and top-up payments coupled to the COP area. In contrast, maize area in the old Member States would tend to decrease due to the introduction of decoupled payments and pressure on market prices related to the gradual increase in maize imports from exporting new Member States over the medium term.

Graph 2: Crop rotation of an average EU-25 farm specialised in field crops in 2002 and 2013



Taking the Hungarian region Dél-Dunátul as an example and under static conditions, income resulting from nearly all kind of cropping alternatives – especially from cereals, vegetables and permanent crops production – would increase considerably over the medium term (Graph 3).

Graph 3: Income (in €/ha) resulting from different cropping alternatives in the Hungarian region Dél-Dunátul in 2002 and 2013.



Set-aside area would gradually increase to 7.2 mio ha in 2006 of which 4 mio ha would come from compulsory set-aside. From 2009 onwards the new Member States should

add 1 mio ha of mandatory set-aside when they shift from the Single Area Payment Scheme towards the regional Single Payment Scheme. The introduction of compulsory set-aside in the land locked new Member States as well as the expected full decoupling which would accompany the introduction of the regionalised system should contribute to the reduction in the regional structural surplus. The increasing demand of feedstock from the biofuel and biomass sector would favour the production of cereals for energy purposes on obligatory set-aside land in intensive production regions by the end of the projection period.

The reform of the sugar Common Market Organisation would entail an increase of cereal and oilseed area of approximately 0.4 mio ha after 2007 and consequently a reduction in the area devoted to sugar beet production from 2.2 to 1.8 mio ha. Bioethanol production from sugar beet is expected to contribute to a stabilisation of the total sugar beet area, particularly in the most competitive sugar production regions. Of this 0.4 mio ha additional area for cereals, oilseeds and protein crops, about 0.1 mio ha would be allocated to oilseed production, 0.2 mio ha on soft wheat production and about 0.1 mio ha to maize. The impact of the sugar reform on cereal production therefore appears relatively limited to an additional production of around 2.5 mio t of cereals (1.5 mio t of soft wheat and 1 mio t of maize). Rapeseed production would also increase by 0.6 mio t.

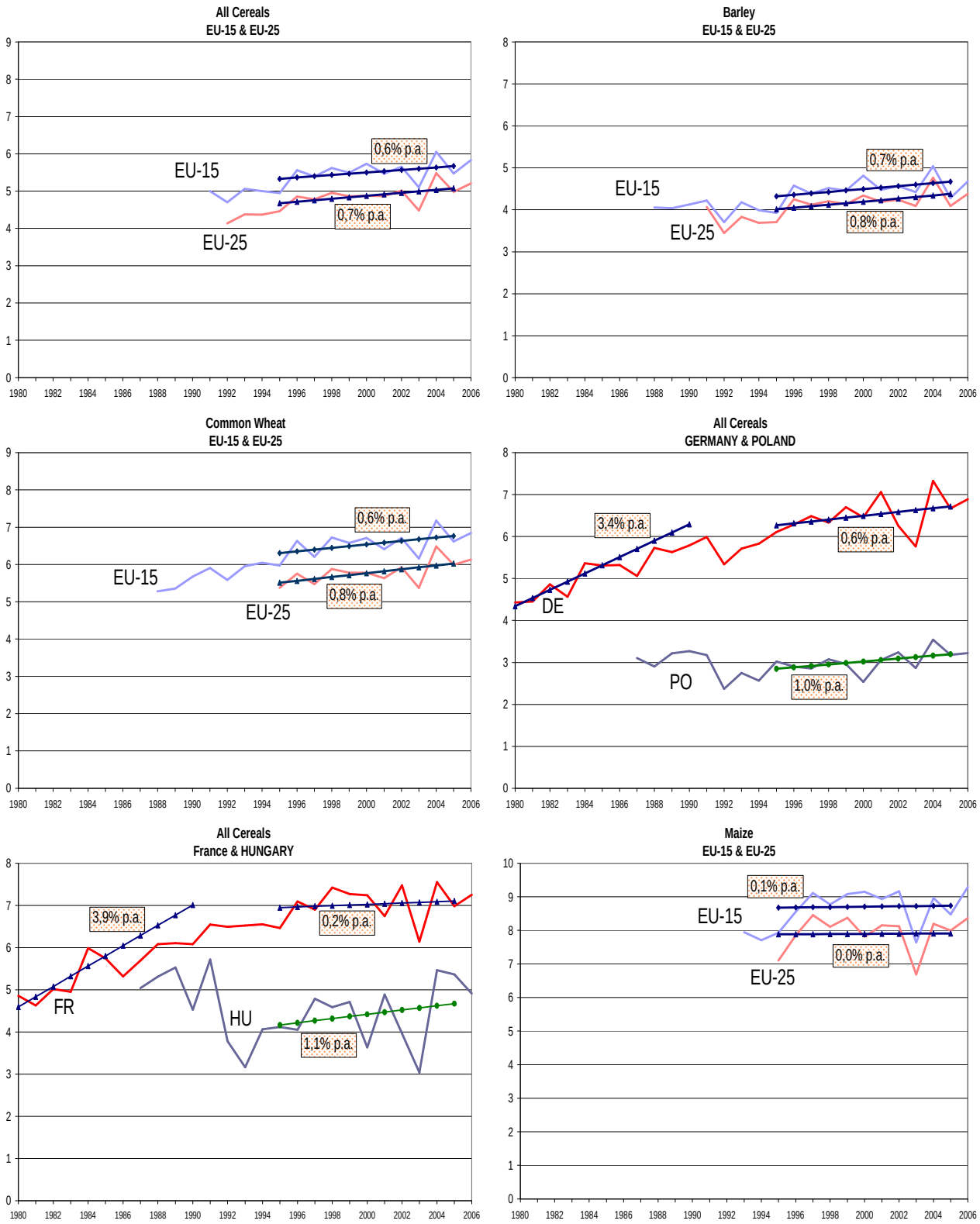
2.3. Development in cereal yields

Cereal yield growth until 2013 would show a more modest pattern than earlier projections suggested, with an average annual growth estimated at approximately 0.7 % between 2006 and 2013. Cereal yields in the EU-25 would increase from 5.1 t/ha in 2006 to 5.3 t/ha in 2013. In 2013 yield would reach 6 t/ha in the old Member States while they would stand at 3.8 t/ha in the new Member States.

Yield growth in the new Member States is expected to be higher at 1.1 % per year whereas the old Member States should exhibit lower growth of some 0.5 % per year. Maize yields would show the strongest growth in the new Member States with more than 1.2 % per year, while yields would appear to remain virtually stable in the main producing regions in the western part of the EU.

The analysis of the yield growth trends between 1980 and 2006 shows a differentiated pattern between northern and southern as well as western and eastern Member States and most notably between the 1980s and the period between 1995 and 2006. Yield growth in the old Member States slowed down considerably over the last decade. This would suggest that production is at the technological frontier even in the most competitive regions (see graph 4). Therefore, future annual gains in yields appear limited. Apart from the limited gains from technological progress, the other main factors contributing to this development include the impact of higher production standards. However, in the new Member States, yield growth had picked up shortly before and after accession, though at significantly lower rates than a fully fledged catch-up process would suggest (on account of the slower than expected structural change).

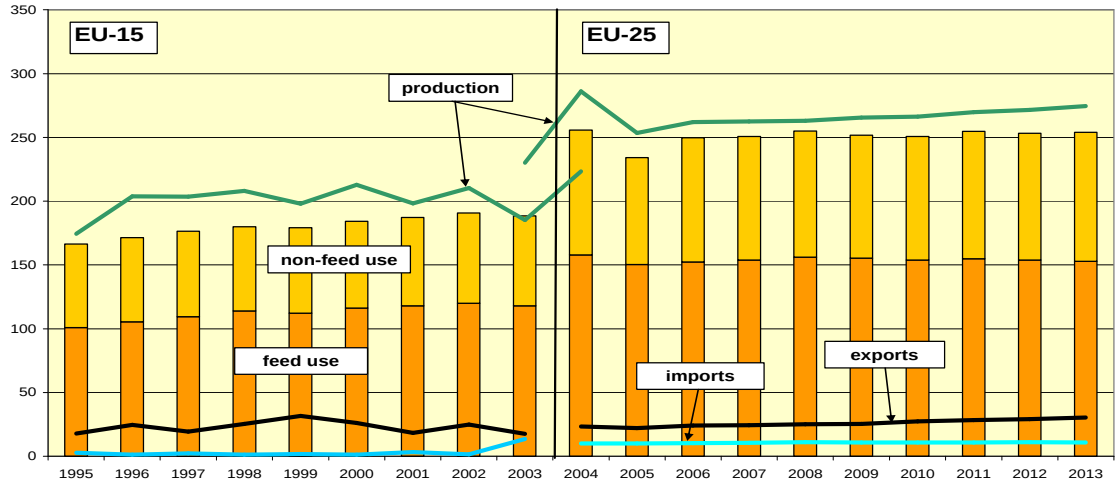
Graph 4: Development of total cereal yields in the EU and selected Member States 1980-2006



2.4. The EU cereal markets

The relatively stable cereal area and the low yield growth should be the main factors contributing to the relatively balanced situation on the cereal markets over the projected period for most of the regions in the EU. Cereal production levels in the EU-25 are expected to reach 275 mio t in 2013, i.e. an increase of 13 mio t from 262 mio t estimated for 2006. About half of this increase would come from total wheat production which would expand from 127 mio t to 134 mio t over the projected period and from maize production which would increase from 49 mio t to 53 mio t. In contrast barley production would show a slight fall and then a stabilisation at 56 mio t in 2013 in line with the decline in area use.

Graph 5: Development in cereal markets in the EU (mio t), 1995-2013



Domestic consumption of cereals would exhibit an 8 mio t increase over the projection horizon from 248 mio t to at 255 mio t in 2013 thanks to the growth in livestock production and from the emerging bioethanol and biomass industry. Domestic use would benefit from the (already visible) expansion in the bioethanol and (later on) biomass sector, following the initiatives taken in many Member States. Cereal demand for bioethanol production would increase by 6.3 mio t over the projected period and reach 8.7 mio t in 2013. About 3 mio t of bioethanol would be produced from cereals in the EU-25 (from 0.9 mio t in 2006).

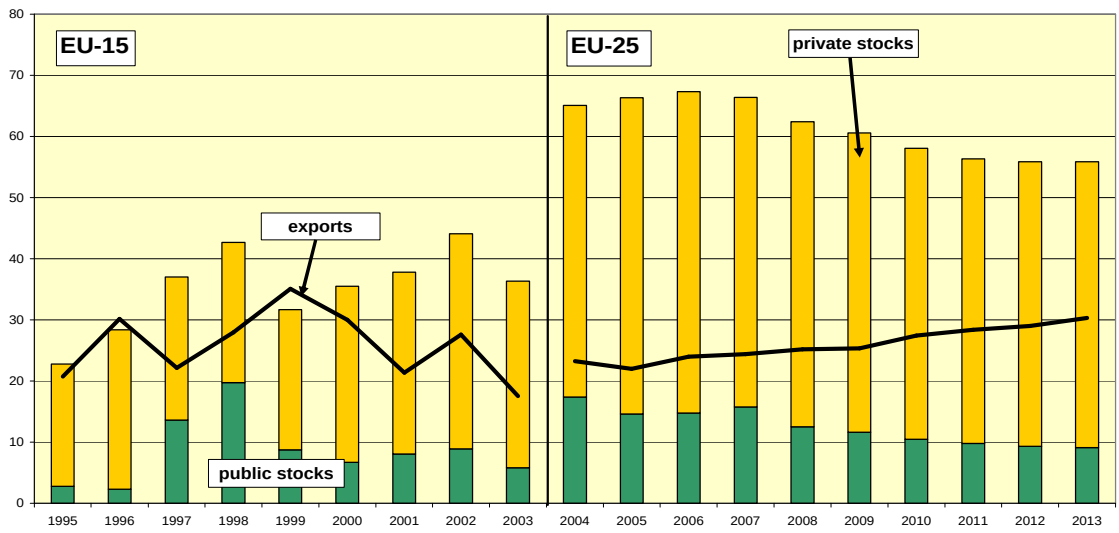
Cereal feed demand would continue to expand from 152 mio t in 2006 to 154 mio t in 2013. However, compared to the previous decade when feed use expanded by more than 20 mio t, the coming years would only exhibit a moderate growth. Several factors would contribute to this moderate growth: first, the increase in feeding efficiency will continue, in particular in the new Member States, resulting in lower feed use of cereals per ton of meat and livestock products than seen in the past. The overall increase in white meat and egg production in the EU is also projected to be lower than in the last decade. Feed cereals gained competitiveness thanks to the 1992 and 1999 CAP reforms and largely replaced cereal substitutes. Future additional gains in cereal consumption in this respect appear more limited. Moreover, the availability of cheap protein feed from by-products of biodiesel and bioethanol production is likely to change the composition of animal feeds towards more protein-rich feeds at the expense of cereals.

Over the medium term changing price relations would also result in a significant change in the composition of cereal feed use. In the first half of the projection period barley would maintain regional competitiveness in feed use in the western part of the EU because of the delayed penetration of cheap maize from the land locked new Member States. Maize would become more attractive in feed use during the last half of the projection period. The increasing availability of cheap maize from the land locked new Member States would trigger a significant drop in prices in the western European maize markets from 2009 onwards. This development would take place at the expense of feed wheat and feed barley.

The favourable conditions on world markets, particularly the increasing imports of cereals by South East Asian countries, in combination with the assumed strengthening of the US$ against the euro should enable the EU to expand its market share on the world market until 2013. EU exports would therefore increase from 24 mio t in 2006 to 30 mio t in 2013. Soft wheat should notably benefit from these developments. Under the political settings of the present WTO agreement and the bilateral agreements currently in place, cereal imports should remain fairly stable at around 10 to 11 mio t over the projection period.

Cereal stocks in the EU should continue to stay at a high level over the next two marketing years as they would stand at more than 66 mio t up to 2007. They would then start falling gradually to reach 55.8 mio t in 2013. This overall picture however does not reflect the marked regional differences in the separated cereals markets of the EU. Most EU regions are expected to show rather favourable conditions with rapidly declining stocks (notably public stocks) thanks to an expanding domestic use, lower yield growth and an increasing participation in world markets. In contrast, market and public stocks would continue to be high in Hungary and Slovakia over the medium term. The structural surpluses projected in these two countries would however slowly decline thanks to the development in domestic use, higher exports to EU and third countries as well as total decoupling and the introduction of mandatory set aside from 2009 onwards.

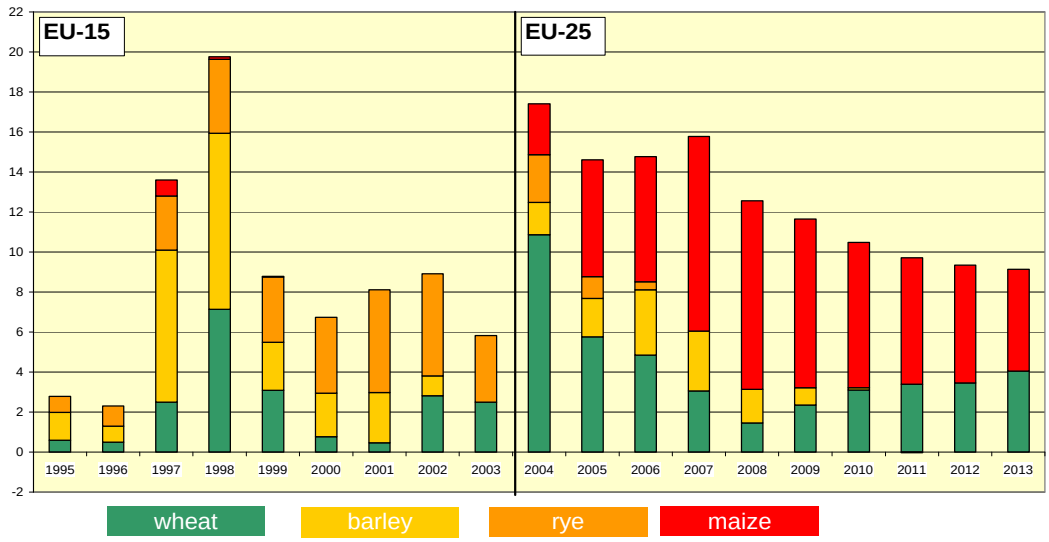
Graph 6: Development in cereal stocks and exports in the EU (mio t), 1995-2013



Public stocks of cereals fell from a peak of 17.4 mio t in 2004 to 14.6 mio t in 2005. They would then increase to 14.8 mio t on 2006 and 15.8 in 2007. From 2008 onwards,

public stocks would start to fall gradually to 9.1 mio t in 2013. Most of these public stocks would be located in Hungary and Slovakia and concern mostly maize.

Graph 7: Composition of public stocks in the EU (mio t), 1995-2013



In the short term most of the public stocks would consist of soft wheat, barley, maize and rye. Rye public stocks would disappear by 2007. Barley stocks would also vanish by 2010 as this cereal would benefit from low competition of emerging feed maize trade in the first half of the projection period. Maize from Hungary and Slovakia would gradually gain competitiveness in feed, biomass and biofuel use after 2008 thanks to the gradual integration of these two countries into the single market. Almost all maize intervention stocks in 2013 would be located in Hungary and Slovakia. Soft wheat would slightly lose competitiveness at the end of the period due to the stiffer competition with feed maize.

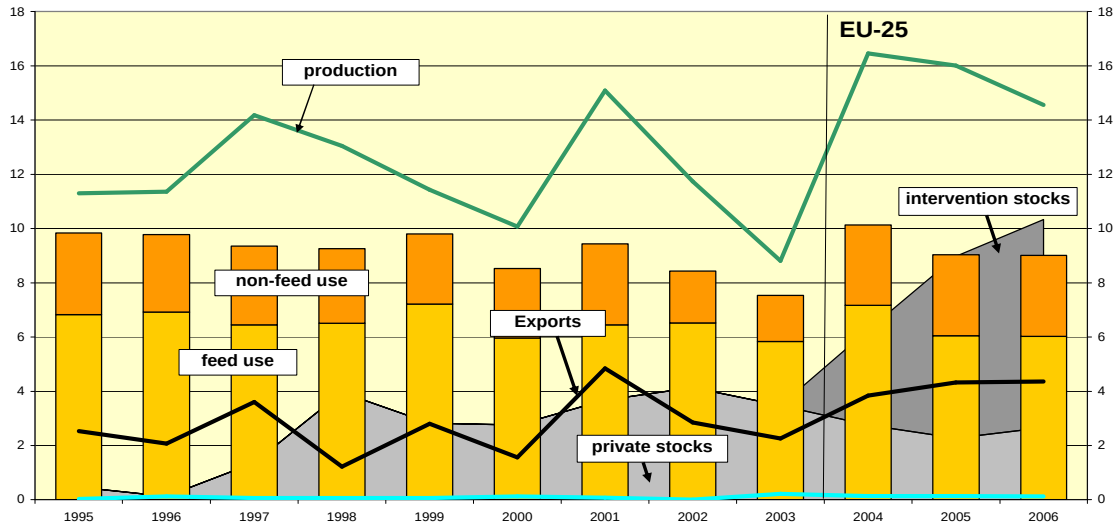
In summary, the medium-term prospects for cereal markets for the EU-25 should remain moderately positive as the impact of the CAP reform, moderate prospects for yield growth, the expected gradual integration of Hungary and Slovakia into the single market in combination with more favourable conditions on world markets to gradually improve the balance of cereal markets until 2013. Specific difficulties could only arise for maize and soft wheat on a regional scope, should the expected path of integration of Hungary and Slovakia be slower than expected.

2.5. Perspectives for the cereal markets in the Czech Republic, Hungary and Poland

Hungary is the largest exporter of cereals in the new Member States with a production of 14-16 mio t and a domestic use of 8-10 mio t. In recent years Hungary's livestock production underwent significant restructuring that reduced its domestic use of cereals. After accession the change in the livestock industry has been unexpectedly slow with low foreign direct investments. After accession Hungary was able to significantly increase its exports of cereals mainly to destinations within the EU. The dependency on EU destinations is very high for maize while soft wheat has maintained certain competitiveness on regional markets outside the EU. Total cereal exports reached 2-3 mio t prior to accession, while after accession they increased to 3.8 mio t in 2004/05 and are expected to expand to 4.3 mio t in 2005/06 and 4.4 mio t in 2006/07.

In the last two campaigns a surplus of 2.6 and 2.8 mio t remained on the markets and went into (mainly public) stocks. The projected lower harvest in 2006/07 should reduce this storable surplus to 1.3 mio t.

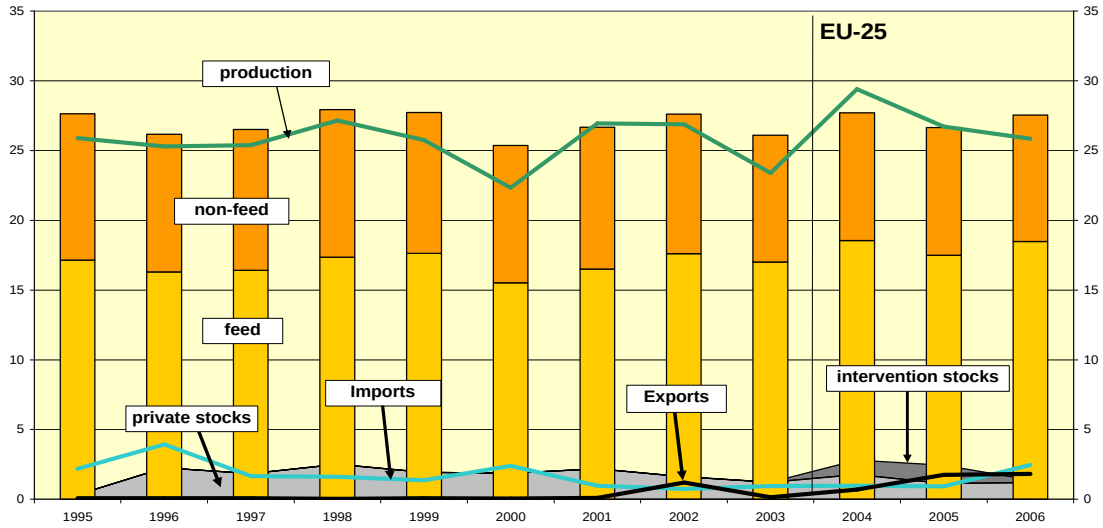
Graph 8: Development of cereal markets in Hungary between 1995 and 2006 (mio t)*



*Exports and import figures are including intra EU as well as extra EU trade.

Poland is the largest producer and consumer of cereals in the new Member States. Production and domestic use appear relatively balanced. The favourable market conditions after enlargement (notably for export towards other Member States) turned Poland into a small net exporting country. In 2004/05 Poland exported 0.7 mio t of cereals which expanded to 1.8 mio t in 2005/06 (with a significant share of intervention sales).

Graph 9: Development of cereal markets in Poland between 1995 and 2006 (mio t)*



*Exports and import figures are including intra EU as well as extra EU trade.

The main exported cereals were rye and soft wheat. Poland recently showed major investments in its livestock industry, mainly in poultry and pork such that the domestic basis of consumption might be further sustained. Over the medium term Poland would therefore become a net importing country again attracting cereals from Slovakia,

Hungary and the Czech Republic as well as barley from Germany. Under normal market conditions, intervention stocks should be significantly lowered – this is already expected for 2006/07.

The Czech Republic is the third largest cereal producer among the new Member States. Cereal exports expanded significantly from 1.2 mio t in 2004/05 to 2 mio t in 2005/06, mainly to other EU Member States (with a significant share of intervention sales). Domestic consumption appears relatively stable so that intervention stocks should vanish under these conditions in 2006.

The situation on cereal markets in 2006 appears relatively balanced for Poland and the Czech Republic due to significant progress in their integration into the single market. This situation is expected to continue over the medium term supported by the development of the domestic market.

The maize markets in Slovakia and the cereal markets in Hungary showed an insufficient integration which resulted in significant structural imbalance over the last two marketing campaigns. This market integration of Hungary and Slovakian maize markets is assumed to take place gradually until 2013, supported by the following factors:

- A significant increase of Hungarian cereal trade to EU destinations during the last two campaigns despite impediments to marketing infrastructure, from 3.8 mio t in 2004 to expected 4.4 mio t in 2006;

- Sufficiently available physical export capacities of 6 mio t of cereals per year which can sustain a gradual increase in Hungarian exports, notably if investments into modernising road, rail, waterways and Danube ports take place. The latter would increase the current competitiveness of Hungarian cereals on markets within 500 km to larger markets in 1000-1500 km distance. This development could take place over the medium to long run;

- The ongoing restructuring of the Hungarian livestock industry should lead to a stabilisation and then an increase of production and cereal feed use. This development would be mainly supported by the very low feed costs and could be further enhanced by improved conditions for investments into the livestock industries;

- The Hungarian plans for establishing bioethanol production could lead to an additional use of maize of up to 1 mio t in 2013 and should give additional incentives for livestock production thanks to the increased availability of cheap protein-rich by-products for animal feed.

These factors combined should lead to a gradual reduction of cereal intervention stocks from 2008 onwards when they would peak at 9.2 mio t and 0.6 mio t in Hungary and Slovakia respectively. The situation for soft wheat should improve faster in the post 2008 period drawing on the higher external and internal competitiveness. Public stocks of soft wheat should therefore vanish by 2013, while maize stocks would only gradually decline to 4 mio t in Hungary and remain relatively constant at 0.6 mio t in Slovakia. Maize intervention stocks in these two countries would represent most of the maize intervention stocks in the EU.

2.6. The oilseed markets

The medium-term prospects for the EU oilseed market are expected to be supported by productivity increases, the favourable developments projected for world markets (fuelled by continuous positive trends for global demand of vegetable oil) and increasing demand for biodiesel in the EU. The recent growth in the use of rapeseed oil for biodiesel production has significantly increased the market potential for rapeseed in Europe. For the first time in 2005 the non-food use of rapeseed oil became more important than the food use.

These developments should provide further incentives for increasing rapeseed production as well as for increasing imports of rapeseed oil as observed in recent years. Rapeseed oil prices reached record levels in the last two years and are bound to further increase. Rapeseed prices on the other hand increased only modestly. One of the reasons for that is the shortage of crushing capacities in the EU. The recent increase of crushing facilities as well as the expected strongly increasing demand for biodiesel should lead to a better transmission of rapeseed oil to rapeseed prices than in the past. The projections include the recent trends in biodiesel demand and increase of production capacities until 2013.

Total oilseed area of rapeseed, sunflower seed and soybean bottomed out in 2002 at 6.6 mio ha before increasing to 6.8 mio ha in 2004 (of which 0.5 mio ha as non-food oilseeds on set-aside land). In 2005 oilseed area stabilised at around 7 mio ha of which 0.9 mio ha of oilseeds on set-aside land. The very favourable medium-term perspectives on the oilseed markets should lead to a steady increase in harvested area to 8.3 mio ha by 2013. The non-food oilseed area is expected to slightly decline to 0.8 mio ha in 2013 due to the constraints imposed by the Blair House agreement (with a maximum of 1 mio t of soybean meal equivalent). From 2008 onwards the expansion of rapeseed area appears constrained because of the rotational limits reached in most of the producing regions.

Total oilseed production stood at 19.7 mio t in 2005 and would reach 21.4 mio t in 2006. It is estimated to increase to 27.7 mio t in 2013 supported by the expansion in oilseed area and the strong growth in rapeseed yields. Rapeseed production would account for most of the growth as sunflower and soybean seed production should remain relatively stable. Non-food oilseed production on set-aside land would also expand slightly from 2.8 mio t in 2005 to 4.4 mio t in 2013. Any further increase of non-food oilseed production on set-aside land remains constrained by the Blair House agreement which is projected to limit the total oilseed production potential of the EU.

Domestic demand is foreseen to expand by a further 10.8 mio t to stand at 50.9 mio t in 2013 (mainly for rapeseed, followed by soybeans). This increase of domestic use would be mainly supported by the growing biodiesel demand which would increase by 3.7 mio t to 12.0 mio t in 2013. Imports of rapeseed oil and biodiesel would increase significantly as well as the blending with other vegetable oils over the projection period in order to meet domestic demand. Biodiesel production would globally double to 6.3 mio t between 2006 and 2013.

3. MEAT AND LIVESTOCK

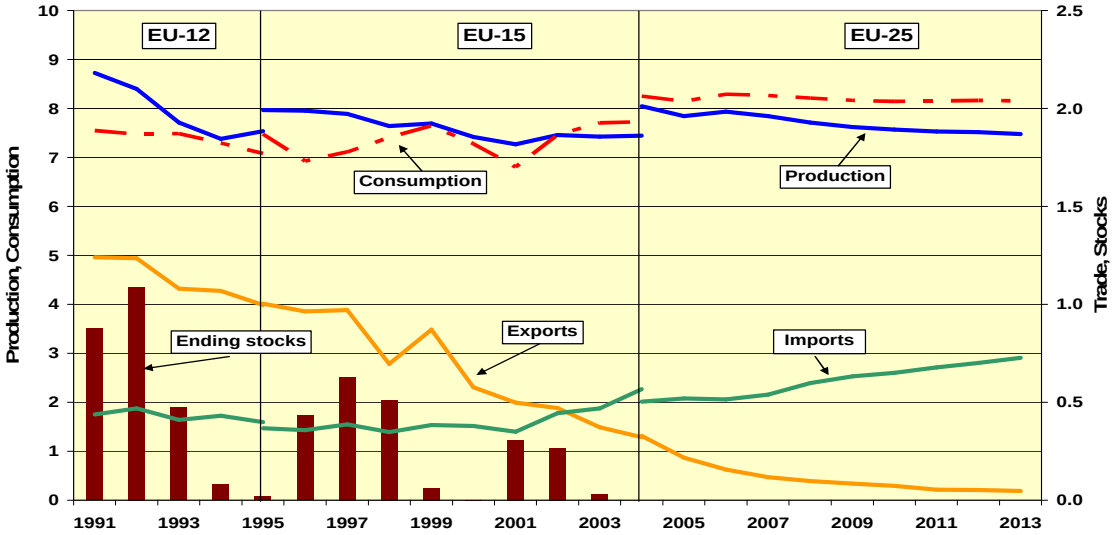
3.1. Beef and veal

Following the high production of 2004, due to increased end-of-year slaughtering in the Member States that started applying decoupling from 2005, EU-25 net production declined considerably in 2005, falling by 2.5%. A slight rebound is expected for 2006 with the re-entry of "OTMS" beef on the UK market and the re-opening of the single market for British beef and live animal exports.

Overall EU-25 beef production is expected to decrease over the medium term to slightly below 7.5 mio t in 2013, a reduction of 5 % from 2005.

A slight increase of consumption due to higher availabilities in 2006 is expected to be followed by a relative stagnation over the medium term. In the new Member States the potential increase -fuelled by rising income levels- would be broadly offset by the sustained price increase and the low consumer preference for beef.

Graph 10: Outlook for the EU beef market (mio t), 1991-2013



A relatively steady demand and tight domestic supply are expected to result in firm prices over the projection period, attracting more imports of beef entering at full duty, notably high-quality beef cuts from South America. Following a short-term setback in 2006 due to import restrictions imposed on Brazil as a consequence of FMD, total beef imports are expected to resume their growth and exceed 0.7 mio t by the end of the projection period.

Extra EU-25 meat exports fell by 33.5% in 2005 as a combined effect of a strong euro, relatively high internal prices, cuts in export refunds and lower net production. Extra EU-25 meat exports will continue to be constrained by low domestic availability and lower competitiveness and thus are projected to decline further, falling below 50 000 t by 2013. Higher profitability of EU-25 production due to higher domestic prices and the abolition of export refunds for live animals for slaughter led to a considerable decline of live animal exports in 2005 (-34%) that are projected to remain at a low level throughout the forecast period.

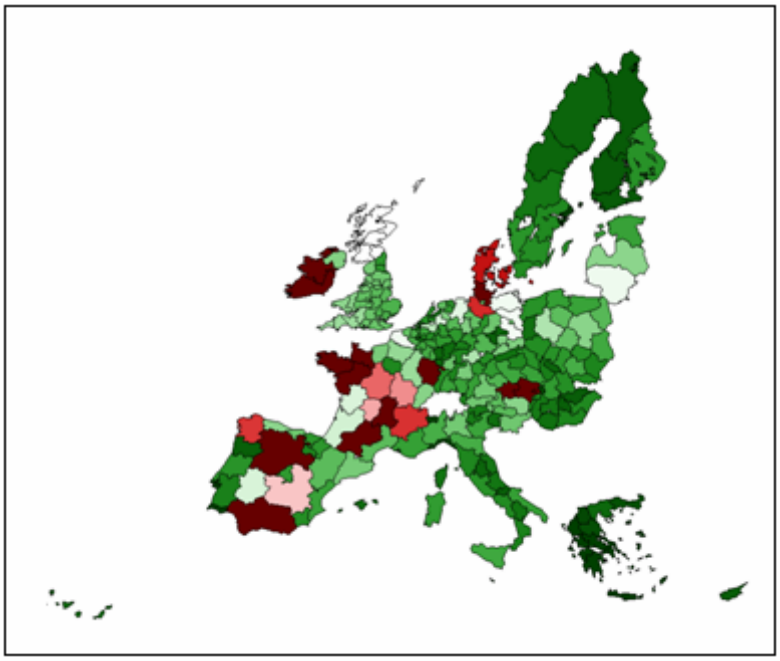
With around two thirds of European beef production originating directly or indirectly from the dairy cow herd, the medium-term development of beef production would

continue to be highly dependent on developments in the milk sector. As long as milk prices would remain high enough to allow for quota rents, the allocated quota would be filled and would therefore determine the number of dairy cows according to prevalent milk yields. Given the increasing trend in milk yields, the dairy cow herd would continue to decrease with the effect of lower calves availability and hence a lower level of fattening activities.

On the other hand, the suckler cow herd would increase mainly in those countries which keep most of the animal premia coupled. However, this development is not expected to counterbalance the effects resulting from both the decreasing EU-25 dairy cow herd and shrinking suckler cow herds in Member States which have fully decoupled and in certain cases additionally re-distributed direct payments.

Graph 11 shows the regional distribution of EU-25 cattle herd in 2013, with the highest cattle numbers found in Ireland, in Denmark and in parts of Spain, France and Austria.

Graph 11: Regional distribution of EU-25 cattle population in 2013

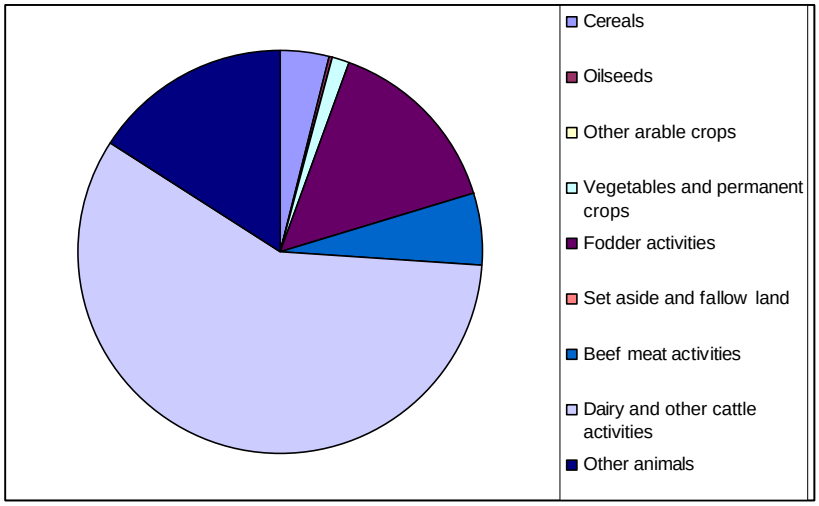


Note: From dark green to dark red: From around 1 thousand to more than 4 mio heads.

Within the EU-25, farms specialised in grazing livestock account for the highest share in total beef production. The overall income of such an average European farm largely consists of income generated by milk production (Graph 12). Other animals, fodder, beef and cereal production contribute additionally.

Milk production is often combined with fattening or other agricultural activities, as the quota-driven decrease in the dairy cow herd along with the limited availability of additional quota leaves many farmers with underused stable and milking capacities.

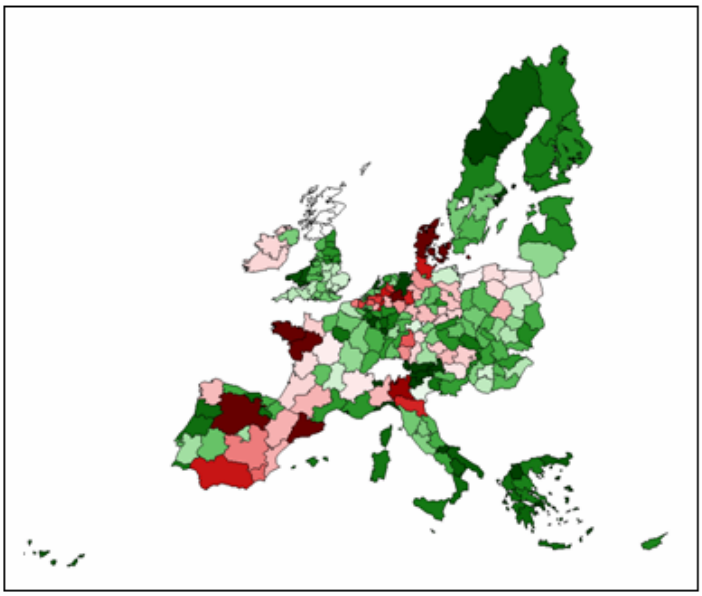
Graph 12: Composition of the overall income of an average European farm specialised in grazing livestock in 2002.



3.2. Pig meat

The marginal increase of EU-25 pig meat production in 2005 is to be followed by continuous increase over the medium term, mostly driven by internal and external demand. EU-25 pig meat production is projected to exceed 22 mio t by 2013. Production would be concentrated in specialised French, German, Spanish, Dutch and Italian regions as well as in Denmark.

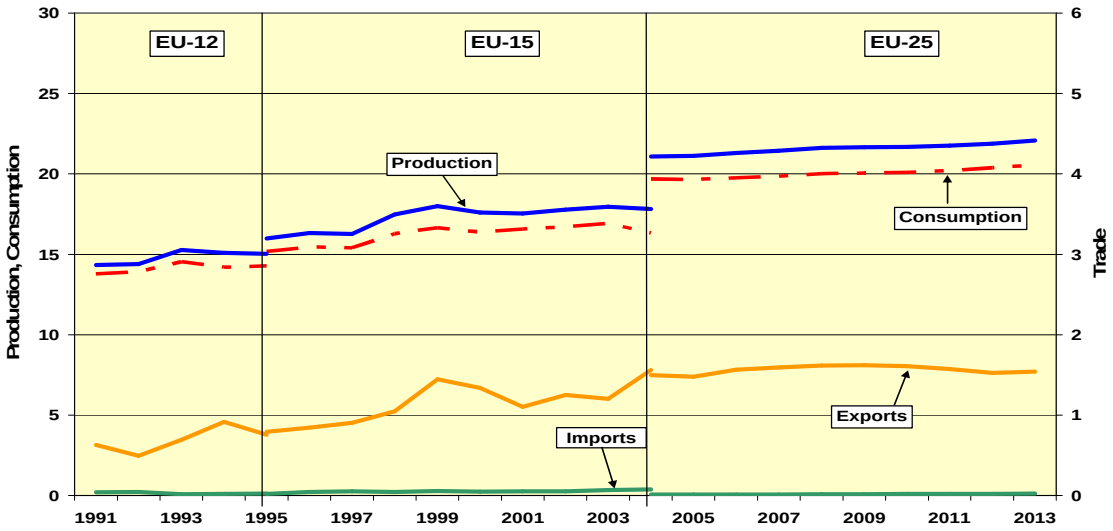
Graph 13: Regional distribution of EU-25 pork meat production in 2013.



Note: From dark green to dark red: From around 1 thousand to more than 1.7 mio t.

Pig meat is likely to remain favoured by consumers as – following a slight decrease observed in 2004-2005 - per capita pork consumption is projected to increase from 42.8 kg/year in 2005 to 44.1 kg/year by 2013, with a marked increase in the new Member States.

Graph 14: Outlook for the EU pig meat market (mio t), 1991-2013



Despite the slight set-back of pig meat exports in 2005, falling by 1.4% due to increased competition in the Far East, there remains scope for a moderate expansion in extra-EU-25 exports over the medium term, while the intra community trade is projected to show stronger developments.

3.3. Poultry

Poultry meat production remained stable in 2005 but is expected to decline slightly in 2006 in response to lower demand due to the Avian Influenza scare. The H5N1 influenza strain was detected for the first time in European wild birds in January 2006. Precautionary and control measures were adopted both at national and EU level in order to prevent a further spreading of the disease within the wild bird population as well as a transmission of the virus into the commercial flock. A limited part of the French and Dutch poultry population (mainly birds which could not practically be moved inside) has been vaccinated.

Despite the protection measures which were adopted, H5N1 was detected for the first time in a French turkey farm in February 2006. As a consequence, more than 40 third countries banned French poultry exports. A few further outbreaks followed in commercial poultry flock across Europe, but all were efficiently controlled and eradicated. Nevertheless, the public scare related to the disease also led to certain disturbances on the single market.

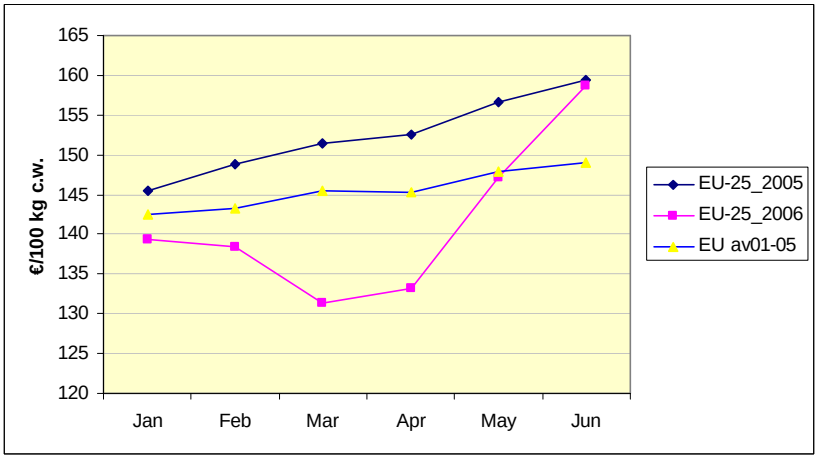
Several Member States reported a considerable drop in poultry meat consumption and hence an accumulation of private stocks, accompanied by decreasing market prices. The feeding industry announced a 10 % decrease in quantity produced for the first few months of 2006. Different consumer perception of the risk linked to Avian Influenza led to heterogeneous developments in poultry meat prices across Member States and a certain disruption of intra-EU trade flows. Responding to economic losses in the poultry sector, some Member States decided to make use of the opportunity to grant state aid.

In order to support producers affected by market disturbances, the European Commission has increased export refunds since the beginning of 2006. But given the weakening external demand linked to the partial ban of European products, this instrument did not have fully the desired effect. In order to support the poultry market

with greater flexibility, the eggs and poultry common market organisation was amended late April 2006, allowing for exceptional market interventions in case of considerable market disruptions caused by a loss in consumer confidence. Until now, more than half of the Member States have forwarded to the Commission their proposals for measures to be co-financed by the Community.

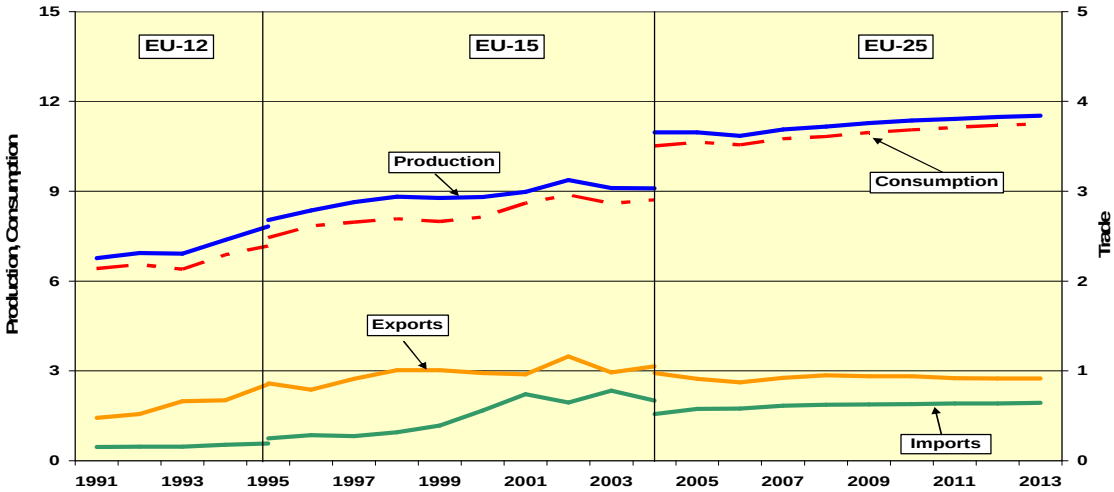
Partially retracing the development of the European poultry market in the first half of 2006, Graph 15 shows the development in the weighted European average price for whole chicken. The average EU price in June 2006 was nearly at the same level as in June 2005 and 6.4 % higher than the more representative 2001-2005 average. However, in March 2006 it stood at 131.3 €/100 kg, a level which was 9.8 % lower than the 2001-2005 average price of the same month.

Graph 15: EU weighted average price for whole chicken from Month 1-6 in 2006 relative to past years.



Based on current market indications, the short-term disruption linked to Avian Flu is assumed to have little impact on the medium-term outlook that should remain relatively positive as competitive prices with respect to other meats, strong consumer preference and increased use in food preparations should continue to play in favour of poultry. Per capita consumption is projected to increase from around 23.2 kg/year in 2005 to about 24.1 kg/year by 2013, with a stronger growth in the new Member States, where poultry meat should benefit from a growing consumer preference.

Graph 16: Outlook for the EU poultry market (mio t), 1991-2013



Following a 6.3% decline in 2005 and a short-term recovery in 2006-2008, extra-EU-25 poultry exports are projected to stagnate in line with strong competition on the world markets by low cost producers and unfavourable US$/€ and Brazilian Real/€ exchange rates. Poultry imports have rebounded markedly in 2005 (+11.4%) and are assumed to resume growing over the projected period, with increased imports of frozen fillets and mainly cooked and processed poultry meat.

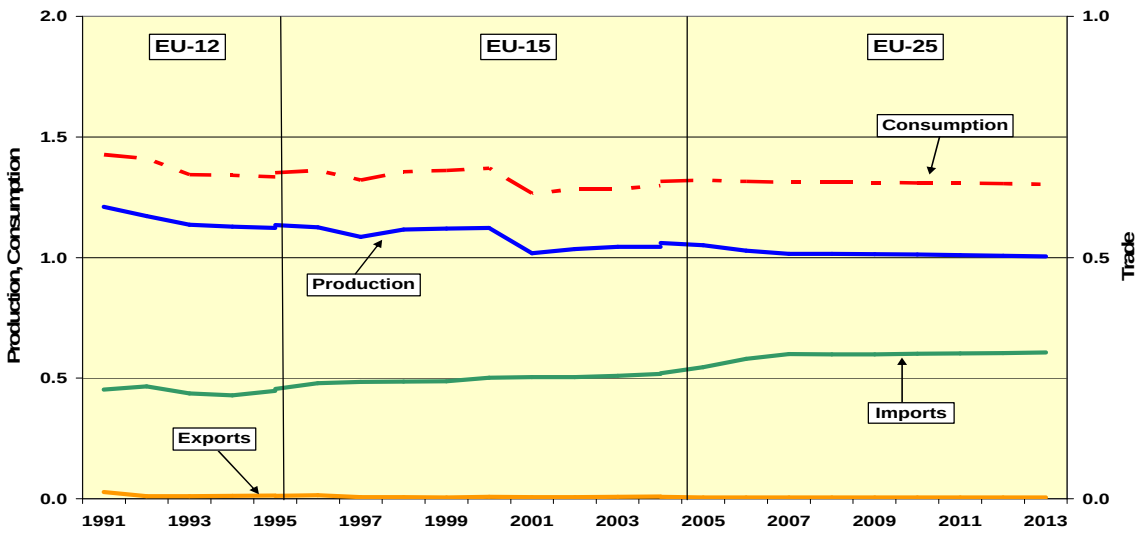
3.4. Consumption eggs

The prospects for the EU egg production appear moderately positive. Production of eggs reached 6.3 mio t in 2005 and is expected to further increase to 6.6 mio t in 2013 benefiting from increasing demand as well as lower feed costs particularly in the first half of the projection period. Consumption would expand from 6.2 mio t in 2005 to 6.5 mio t in 2013. Per capita consumption would increase from 13.6 kg/capita in 2005 to 14 kg/capita in 2013. Exports would develop between 0.1 and 0.2 mio t over the medium term.

3.5. Sheep and goat meat

Sheep and goat meat production decreased slightly in 2005 and is expected to decline over the medium term, in line with past long-term trends and taking into account the potential impact of decoupling of ewe premiums in the major producing countries. Sheep and goat meat imports increased by 5% in 2005 and are foreseen to increase over the forecasted period in order to fill the gap in supply as a result of falling production. Per capita consumption is expected to decline slightly over the medium term.

Graph 17: Outlook for the EU sheep and goat meat market (mio t), 1991-2013



4. MILK AND DAIRY PRODUCTS

4.1. Milk

In the calendar year of 2005 EU-25 milk production increased slightly, reaching 142.4 mio t with deliveries growing by 1% to 131.6 mio t. Deliveries in EU-N10 have increased by 5.8%, with continued structural changes in the sector. Milk production in the EU-25 is expected to follow broadly the evolution of the milk reference quantities over the projection period, with total production exceeding 144 mio t by 2013. Milk

deliveries are assumed to fully respect the milk reference quantities in line with the quota increase decided for the EU-15 for the quota years 2006/07, 2007/08 and 2008/09, as well as the full allocation of restructuring reserves for EU-N10.

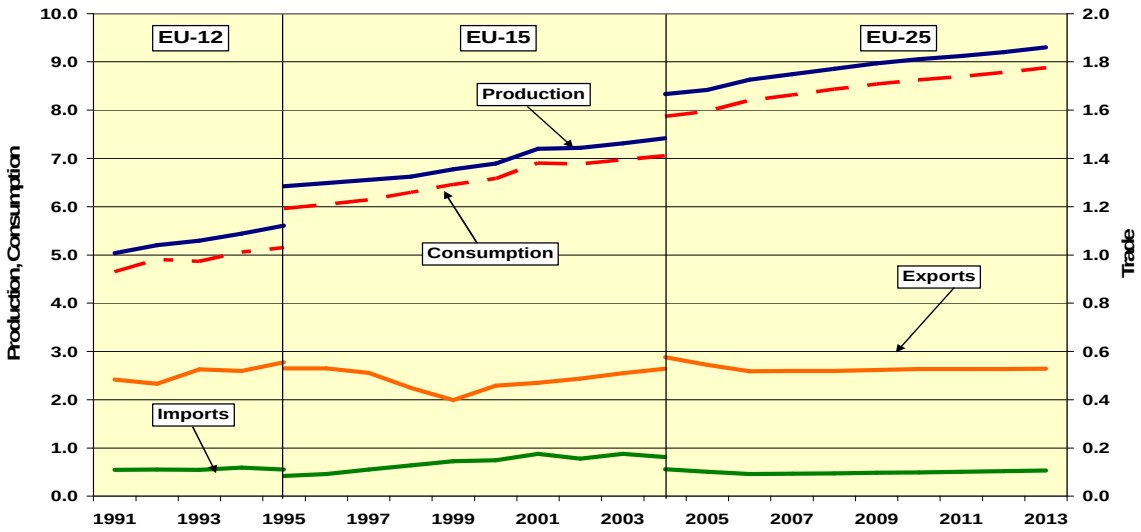
Assuming a further increase in milk yields of around 1.2 % per year on average over the forecast period, the EU-25 dairy herd is projected to decline from 23 mio heads in 2005 to around 21.2 mio animals by 2013.

4.2. Cheese

A sustained demand, driven by continued consumer preference, strong industrial demand and expected lower prices due to the decrease in support prices of butter and SMP, is projected to stimulate further increase in cheese production in the forecast period. Cheese production increased by 1.1 % in 2005, and is expected to expand further over the medium term by 10 % altogether.

Cheese consumption in the EU-25 grew by 1.4 % in 2005 and is expected to continue its growing trend, with EU-25 per capita consumption projected to rise from 17.4 kg in 2005 to 19 kg in 2013, with a significant growth of 39% in the new Member States.

Graph 18: Outlook for the EU cheese market (mio t), 1991-2013



In 2005 the growth rate of EU cheese consumption exceeded that of production, leading to lower net exports for the first time after years of expansion. This tendency is expected to persist over the short term, but will be followed by a moderate recovery in cheese exports. As the steady growth in domestic consumption is expected to absorb most of the projected increase in cheese production, exports are projected to stabilise slightly below 530 000 t over the medium term.

4.3. Butter

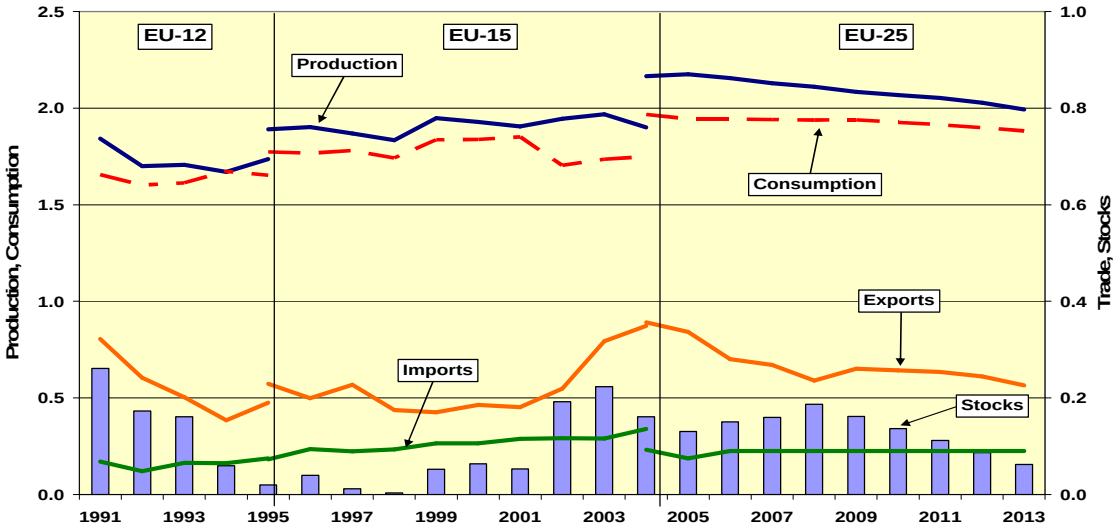
After a limited increase in 2005, EU-25 butter production is expected to resume declining over the medium term in response to lower market and intervention prices.

In our previous reports we projected that the production of other dairy products would absorb all additional deliveries of dairy fat from the increase in milk availabilities due to the quota increase of 2006/07, 2007/08 and 2008/09, thus keeping the butter market in balance. Although we still foresee increasing production of higher value-added

products, it seems unlikely that this increase would absorb all additional dairy fat, leading to a more moderate decline of butter production over the medium term. As a consequence, EU-25 butter production is projected to decrease to slightly below 2 mio t (from around 2.2 mio t in 2005, a decline of 8%).

The favourable international market that allowed extra-EU-25 exports to reach 356 000 t in 2004, showed signs of coming to an end in 2005 as exports declined by 6 %. Lower availability, less demand on the world market and strong competition from Oceania suggest that exports would be decreasing even further over the medium term, with a significant drop of 17 % already in 2006. Extra-EU-25 imports are expected to remain at the level of preferential tariff quotas throughout the forecast period.

Graph 19: Outlook for the EU butter market (mio t), 1991-2013



Projections for per capita consumption are set at around 4 kg in 2013, compared to the current level of 4.2 kg, i.e. -0.5 % per year on average, in line with the expected reduction of the aid to butter consumption in the framework of the implementation of the 2003 CAP reform.

The expected sharp drop in net exports and the slightly decreasing consumption would generate a market imbalance in 2006 that would lead to increasing public stocks between 2006 and 2008 (possibly reaching 186 000 t in 2008). From 2008 onwards, the decreasing production resulting from reduced prices and thus the lower attractiveness of butter should ease somewhat the pressure on intervention stocks, which are expected to decline over the medium term.

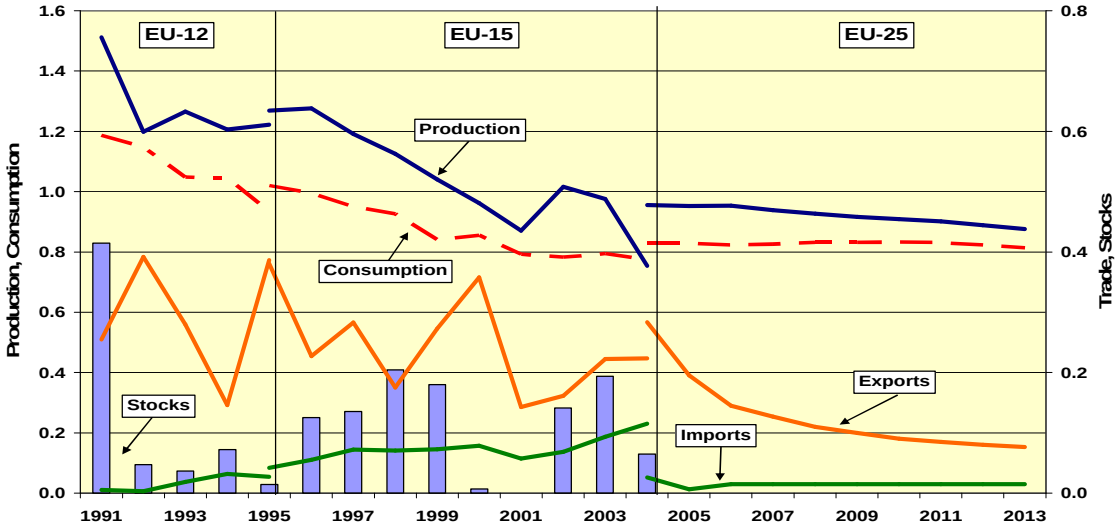
4.4. Skimmed milk powder

SMP production continued its decline in 2005 although at a limited pace of 0.4% and is expected to continue decreasing over the medium term as the growing production of higher value-added dairy products would absorb an increasing share of EU milk. The projections suggest a reduction in SMP production from 952 000 mio t in 2005 to 876 000 t by 2013[2].

[2] Since our previous publication of February 2006 a **revision of the statistical dataset** has been carried out with the aim of improving the historical production data. As a consequence EU-15

Internal demand remained stable in 2005 and is expected to remain steady throughout most of the projected period, declining only slightly by 2013. SMP exports declined by 31% in 2005 and are expected to fall further over the forecast period. As the decline of production will continue to outpace the fall in domestic demand towards the end of the projection period, and with EU prices well above world market prices, there will be no incentives to increase exports.

Graph 20: Outlook for the EU SMP market (mio t), 1991-2013



The decline in availability in 2004 and 2005 has allowed to sell out of intervention almost 194 000 t of SMP, leaving intervention stocks virtually empty. The market for SMP is expected to remain balanced throughout the projection period with no incentives to offer products for intervention buying-in.

5. AGRICULTURAL INCOME

The medium-term projections for income display a rather favourable outlook as EU-25 agricultural income would grow by 18 % between 2005 and 2013 in real terms and per labour unit. However, this overall gain would mask marked differences between EU-15 (+11 %) and the new Member States (+42 %). These figures take into account the ongoing structural change until 2013 as related to the decrease in annual working units.

The medium-term scenario for the EU-15 exhibits a rise in the nominal values of oilseeds, poultry and pork, all supported by both volume and price increases. Although beef production is projected to decline, higher prices would result in an increase in beef production values. The value of milk production is forecasted to decrease, reflecting the fall in milk prices as a result of the implementation of the reduction in price support in the milk sector as part of the 2003 CAP reform. On the other hand, the projected increase in the value of fruit and vegetables would further strengthen the increase in the gross value added of the whole EU-15 agricultural sector.

production of SMP has been reduced by the amount of re-fattened SMP from France (representing around 135 000 t on average). EU-N10 production was also revised downwards by around 15 000 t on average.

In the new Member States the value of crop production would remain below its 2004 level throughout the forecast period, although exhibiting a gradual increase, mainly as a result of increasing maize and oilseed values. The medium-term outlook for the animal sector predicts a significant decline in beef values, while poultry and pork production would become more and more profitable due to favourable price developments. The resulting decline in gross value added would be more than compensated by the continuous rise in the funds granted to agricultural producers in the form of direct payments, national top-ups and rural development funds. The agricultural labour input in the EU-N10 countries is assumed to fall by 4 % on annual average over the next decade in line with the restructuring of the agricultural sector boosting the rise in agricultural income expressed per labour unit.

Table 2: Outlook for agricultural income for EU-25, 2004 – 2013

	2004	2005	2007	2008	2009	2010	2011	2012	2013
Factor income in nominal terms									
EU-25	105	100.0	108.3	106.4	107.9	108.2	108.6	107.6	108.9
EU-15	107	100.0	108.1	105.9	107.2	107.0	107.3	106.0	107.3
EU-N10	93	100.0	110.1	111.3	115.1	120.6	122.2	123.1	124.9
Labour input									
EU-25	102	100.0	94.3	91.6	88.9	86.3	83.9	81.5	79.1
EU-15	102	100.0	95.5	93.3	91.1	89.0	87.0	85.0	83.0
EU-N10	103	100.0	92.2	88.5	84.9	81.5	78.3	75.1	72.1
Agricultural income in real terms per labour unit									
EU-25	103	100.0	110.7	109.9	112.5	114.0	115.5	115.5	118.0
EU-15	104	100.0	109.3	107.6	109.3	109.6	110.4	109.6	111.4
EU-N10	91	100.0	113.9	117.0	122.9	131.0	134.7	138.1	142.5

6. UNCERTAINTIES

The market outlook until 2013 is based on a number of assumptions regarding future economic, market and policy developments. In that respect, they are subject to some uncertainties. Some of these could have major implications for EU markets and agricultural income. The most important uncertainties can be summarized as follows:

6.1. Policy and trade environment

Future changes in agricultural and trade policies as well as the outcome of the current round of multilateral trade negotiations may have important implications for the medium-term outlook for agricultural production, consumption, trade and prices as well as the functioning of agricultural markets. This concerns particularly the reduction in export support as well as the increase in market access which could have a significant impact on the perspectives of agricultural markets and income in the European Union.

6.2. The accession of Bulgaria and Romania

These two acceding countries will become EU member in 2007 or 2008. Apart from the date of accession, a number of uncertainties arises regarding the impact on the agricultural sector. These are primarily related to the competitiveness of the livestock and dairy sectors once these sectors would be exposed to the single market. Experience

from the last EU enlargement would suggest the need for further structural adjustments particularly in the area of pork and milk production.

On the cereal markets the main uncertainties relate to the state of the marketing and export infrastructure which would determine the pace of integration into the single market and could add to the regional segmentation of markets, particularly in the case of maize.

6.3. Policies on renewable energies

The developments of the bioenergy markets have taken place in a larger political context set out by the obligations under the Kyoto-protocol on greenhouse gas emissions of 1997, the White Paper on "Energy for the future: Renewable sources of energy" (Com(97) 599 final) and the Communication on the implementation of the Community Strategy and Action plan on renewable energy sources (Com(2001) 69 final). In December 2005 the European Commission adopted the biomass action plan designed to increase the use of energy from forestry, agriculture and waste materials which was followed in February 2006 by the Biofuel Strategy.

A number of legal instruments have been adopted most notably the Biofuel Directive (Council Directive 2003/30/EC on the use of biofuels or other renewable fuels on transport) and the Council Directive 2003/96/EC on the taxation of energy products and electricity. The Biofuel Directive defines indicative targets for the biofuel share of all transport fuels at 2 % by 2005 and 5.75 % by 2010 for the EU, while the second Directive allows for tax reductions for energy from biomass. These two Directives establish the economic backbone of the biofuel markets. The increasing crude oil prices in the last months have further contributed to the economic incentives to use biofuels. The Biofuel Directive is currently under revision.

The biofuel Directive as well as the Biomass Action Plan should lead to a significant increase in demand for agricultural commodities and for agricultural land over the medium term. The foreseen development of feedstock demand in the baseline would lead to 8.7 mio t of cereal use for bioethanol production by 2013 and a crushing of 15.6 mio t of oilseeds for biodiesel. These numbers could be significantly altered should Member States revise the implementation of their national policies.

6.4. Exchange rates and the competitiveness of the EU agricultural sector

Fluctuation of the $/€ exchange rates could have major implications for the competitiveness of EU agricultural commodities on world markets. The $/€ exchange rate has considerably fluctuated over the past few years. In November 2002 the euro reached parity with the US $, then continuously appreciated towards 1.34 $/€ in December 2004 and from then on started to depreciate again. After a period at rates below 1.2 the euro started to appreciate in 2006 to rates of around 1.26 at the end of June.

The movements in the $/€ exchange rates have affected the competitiveness of European agriculture through changes in output prices and in production costs. The sectors with a high share of exports or imports relative to production should be relatively more affected than those with a large domestic base. The effect on competitiveness is the larger the more the underlying long-term exchange rate is affected. Fluctuations of the $/€ rate expose the most agricultural markets to asymmetric

risks: a weakening of the euro would improve competitiveness to a lesser extent than an appreciation of the euro would generate competitiveness losses.

For example, a $/€ exchange rate at parity would lead to an improvement of competitiveness as compared with the baseline assumption of a long term exchange rate at 1.15. The EU would be able to expand its cereal exports without the use of export refunds. Cereal stock levels would be 7 mio t lower than under the baseline projections and public stocks would largely vanish over the medium term. In contrast, an appreciation of the euro against the dollar to 1.4 would increase the levels of stocks by 34 mio t in 2013 as compared to the baseline projections.

6.5. The pace of integration of land locked new Member States into the single market

The assumptions of the baseline projections foresee a gradual integration of Hungarian cereal markets and Slovakian maize markets until 2013. Any change in the pace of market integration should have significant impacts on the level of public stocks in the EU-25. A faster integration would lead to a swift reduction of public stocks over the medium term. On the other hand, a further delay due to persisting problems in the marketing infrastructure and the stabilisation of domestic use could worsen the situation significantly and larger public stocks could build up.

6.6. Disruptions linked to animal disease

A number of animal disease outbreaks have hit major producing and exporting countries in the past few years (BSE in the EU, Japan, Canada, and USA; Avian influenza in the EU, South East Asia and North America; Foot and Mouth disease in the EU and South America; Newcastle disease in US). These projections assume normal conditions concerning animal disease over the medium term in the EU, notably as regards avian influenza. This means that the current (potential) epidemics are assumed to ease and become rapidly under control and that no new diseases will appear during the projection period.

The recent experience showed that whatever the scale of the epidemics -some outbreaks were limited to a few cases– their impact on markets was dramatic, with disrupted production patterns and trade flows and pronounced effect on market prices. Therefore any appearance of animal disease in the future, either in the EU and/or in the rest of the world, which is more probable than assuming the absence of such outbreak, could have drastic and significant repercussions on trade and (domestic and world) market prices, even if limited to a defined region.

Table A.1 Total cereals market projections for the European Union, 2003-2013 (mio t)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Usable production	**230.2**	**286.1**	**253.3**	**262.2**	**262.5**	**262.9**	**265.4**	**266.3**	**269.7**	**271.6**	**274.6**
of which EU-15	185.2	223.4	195.0	207.0	204.8	204.9	209.0	208.9	211.2	212.1	214.0
EU-N10	45.0	62.7	58.3	55.1	57.7	58.0	56.5	57.4	58.5	59.6	60.7
Consumption	**236.3**	**247.3**	**241.9**	**247.6**	**249.5**	**252.6**	**252.7**	**252.2**	**253.9**	**254.1**	**255.1**
of which bioenergy	0.0	0.5	1.8	2.4	3.2	3.6	4.5	5.6	6.6	7.7	8.7
of which EU-15	188.4	194.2	191.2	195.8	197.3	200.6	200.5	200.2	201.8	202.0	203.0
EU-N10	47.9	53.1	50.6	51.7	52.2	52.0	52.2	52.0	52.1	52.0	52.1
Imports	11.8	10.1	10.2	10.3	10.5	10.9	10.7	10.9	10.9	10.9	10.7
Exports	19.9	23.3	22.0	24.0	24.4	25.2	25.3	27.4	28.5	28.9	30.3
Beginning stocks	53.6	39.4	65.1	66.3	67.3	66.4	62.4	60.6	58.1	56.2	55.8
Ending stocks	39.4	65.1	66.3	67.3	66.4	62.4	60.6	58.1	56.2	55.8	55.8
of which intervention	5.8	17.4	14.6	14.8	15.8	12.6	11.6	10.5	9.7	9.3	9.1

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Table A.2 Total wheat market projections for the European Union, 2003-2013 (mio t)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Usable production	**106.6**	**136.0**	**123.4**	**127.3**	**125.1**	**127.2**	**129.0**	**130.1**	**131.5**	**132.3**	**134.2**
of which EU-15	90.3	111.6	101.4	106.4	104.3	105.6	107.9	108.5	109.5	109.6	111.2
EU-N10	16.3	24.4	21.9	20.9	20.8	21.5	21.1	21.6	22.0	22.6	23.0
Consumption	**107.4**	**115.3**	**116.6**	**119.1**	**119.3**	**120.3**	**118.3**	**117.6**	**118.8**	**119.2**	**119.1**
of which EU-15	90.3	95.0	97.0	100.0	100.4	101.5	99.7	99.1	100.4	101.0	101.1
EU-N10	17.1	20.3	19.6	19.2	18.9	18.8	18.6	18.5	18.3	18.2	18.0
Imports	5.4	7.4	7.0	7.0	7.0	7.3	7.2	7.4	7.2	7.4	7.2
Exports	10.3	13.7	13.6	15.2	15.7	16.2	17.1	19.1	20.1	20.5	21.8
Beginning stocks	15.5	9.9	24.2	24.7	24.6	21.7	19.6	20.5	21.2	21.1	21.1
Ending stocks	9.9	24.2	24.7	24.6	21.7	19.6	20.5	21.2	21.1	21.1	21.6
of which intervention	2.5	10.9	5.8	4.9	3.1	1.5	2.4	3.1	3.4	3.5	4.1

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Table A.3 Total coarse grain projections for the European Union, 2003-2013 (mio t)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Usable production	**123.6**	**150.1**	**130.0**	**134.9**	**137.4**	**135.7**	**136.4**	**136.2**	**138.2**	**139.4**	**140.4**
of which EU-15	95.0	111.8	93.6	100.6	100.5	99.3	101.0	100.4	101.7	102.4	102.8
EU-N10	28.7	38.3	36.4	34.3	36.9	36.5	35.4	35.8	36.5	36.9	37.7
Consumption	**128.9**	**132.0**	**125.2**	**128.4**	**130.2**	**132.2**	**134.4**	**134.6**	**135.2**	**134.9**	**136.0**
of which EU-15	98.1	99.2	94.2	95.8	96.9	99.1	100.8	101.0	101.3	101.0	101.9
EU-N10	30.8	32.8	31.0	32.6	33.3	33.2	33.6	33.6	33.8	33.9	34.1
Imports	6.3	2.7	3.2	3.3	3.5	3.6	3.5	3.5	3.7	3.5	3.5
Exports	9.7	9.5	8.4	8.8	8.7	9.0	8.3	8.3	8.4	8.5	8.5
Beginning stocks	38.2	29.5	40.9	41.7	42.7	44.7	42.8	40.1	36.8	35.1	34.7
Ending stocks	29.5	40.9	41.7	42.7	44.7	42.8	40.1	36.8	35.1	34.7	34.2
of which intervention	3.3	6.6	8.9	9.9	12.7	11.1	9.3	7.4	6.3	5.9	5.1

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Table A.4 Soft wheat market projections for the European Union, 2003-2013 (mio t)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Usable production	**97.8**	**124.3**	**114.8**	**117.5**	**115.7**	**117.8**	**119.4**	**120.5**	**121.7**	**122.5**	**124.1**
of which EU-15	81.5	99.9	92.9	96.7	95.0	96.3	98.3	99.0	99.7	100.0	101.2
EU-N10	16.3	24.3	21.9	20.8	20.8	21.5	21.1	21.5	22.0	22.6	23.0
Consumption	**97.9**	**105.7**	**106.8**	**108.8**	**108.9**	**109.8**	**107.7**	**106.9**	**107.9**	**108.3**	**108.1**
of which EU-15	81.9	85.8	87.6	90.0	90.4	91.4	89.5	88.8	90.0	90.5	90.4
EU-N10	16.1	19.9	19.2	18.8	18.5	18.4	18.2	18.1	17.9	17.8	17.6
Imports	3.8	5.8	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Exports	9.4	12.3	12.5	14.0	14.5	15.0	15.9	17.9	18.9	19.3	20.6
Beginning stocks	15.3	9.5	21.5	22.0	21.8	19.1	17.0	17.8	18.5	18.4	18.4
Ending stocks	9.5	21.5	22.0	21.8	19.1	17.0	17.8	18.5	18.4	18.4	18.9
of which intervention	2.5	10.9	5.8	4.9	3.1	1.5	2.4	3.1	3.4	3.5	4.1

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Table A.5 Barley market projections for the European Union, 2003-2013 (mio t)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	**2012**	**2013**
Usable production	**54.2**	**60.9**	**52.6**	**56.9**	**56.6**	**55.9**	**55.9**	**55.0**	**55.5**	**56.0**	**56.0**
of which EU-15	46.2	51.2	43.2	47.9	46.7	46.8	46.9	46.0	46.3	46.7	46.5
EU-N10	8.1	9.7	9.4	9.0	9.8	9.1	8.9	9.0	9.2	9.3	9.5
Consumption	**52.3**	**47.8**	**47.5**	**48.8**	**50.9**	**51.3**	**51.2**	**50.3**	**50.2**	**50.1**	**49.7**
of which EU-15	43.5	38.9	39.1	40.1	41.4	42.0	41.7	40.9	40.8	40.7	40.4
EU-N10	8.8	8.9	8.3	8.7	9.5	9.3	9.5	9.4	9.4	9.3	9.3
Imports	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Exports	6.3	6.7	5.8	6.1	6.0	6.2	6.0	6.0	6.1	6.2	6.2
Beginning stocks	11.1	7.2	14.0	13.6	16.1	16.1	14.9	14.1	13.1	12.7	12.9
Ending stocks	7.2	14.0	13.6	16.1	16.1	14.9	14.1	13.1	12.7	12.9	13.4
of which intervention	0.0	1.6	1.9	3.3	3.0	1.7	0.9	0.1	0.0	0.0	0.0

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Table A.6 Maize market projections for the European Union, 2003-2013 (mio t)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	**2012**	**2013**
Usable production	**41.5**	**53.1**	**47.7**	**48.6**	**49.8**	**49.1**	**49.8**	**50.4**	**51.4**	**52.2**	**52.8**
of which EU-15	33.8	41.0	35.0	37.0	37.5	36.4	37.7	38.0	38.6	39.0	39.2
EU-N10	7.7	12.1	12.7	11.7	12.4	12.6	12.1	12.4	12.8	13.2	13.6
Consumption	**43.6**	**51.5**	**46.2**	**47.6**	**47.7**	**49.0**	**51.3**	**52.8**	**52.8**	**53.1**	**53.9**
of which EU-15	35.7	43.0	38.1	38.5	38.7	39.9	41.9	42.9	42.9	42.8	43.6
EU-N10	7.9	8.5	8.0	9.1	9.0	9.1	9.4	9.8	10.0	10.3	10.3
Imports	5.6	2.1	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Exports	2.0	1.7	2.0	2.0	2.2	2.3	2.0	2.0	2.0	2.0	2.0
Beginning stocks	10.6	12.0	14.1	16.1	17.7	20.1	20.3	19.3	17.5	16.5	16.2
Ending stocks	12.0	14.1	16.1	17.7	20.1	20.3	19.3	17.5	16.5	16.2	15.5
of which intervention	0.0	2.5	5.8	6.3	9.7	9.4	8.4	7.3	6.3	5.9	5.1

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Table A.7 Area under arable crops and set-aside in the EU, 2003-2013 (mio ha)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Cereals	**51.3**	**52.4**	**51.5**	**51.2**	**51.5**	**51.4**	**51.1**	**50.9**	**51.2**	**51.2**	**51.5**
of which EU-15	36.3	36.9	36.0	35.7	35.5	35.4	35.7	35.4	35.6	35.4	35.7
EU-N10	15.0	15.5	15.5	15.5	16.0	16.0	15.4	15.5	15.6	15.7	15.8
Soft wheat	18.3	19.3	19.3	19.3	19.0	19.2	19.3	19.3	19.5	19.5	19.6
Durum wheat	3.8	3.9	3.5	3.4	3.4	3.4	3.5	3.4	3.5	3.4	3.5
Barley	13.4	12.9	13.1	13.1	13.1	12.9	12.7	12.4	12.4	12.4	12.4
Maize	6.2	6.5	6.1	5.9	6.1	6.0	6.0	6.0	6.1	6.1	6.1
Rye	2.6	2.7	2.5	2.5	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Other cereals	7.1	7.0	7.1	6.9	7.0	7.0	6.9	6.9	6.9	7.0	7.0
Oilseeds (1)	**5.9**	**6.3**	**6.0**	**6.7**	**7.1**	**6.9**	**7.1**	**6.9**	**7.3**	**7.1**	**7.5**
of which EU-15	4.2	4.5	4.1	4.5	4.9	4.8	5.1	4.9	5.3	5.0	5.4
EU-N10	1.7	1.9	1.9	2.1	2.2	2.1	1.9	2.0	2.0	2.1	2.1
Rapeseed	3.5	4.0	3.9	4.3	4.4	4.4	4.5	4.4	4.6	4.5	4.8
Sunseed	2.2	2.0	1.8	2.1	2.4	2.2	2.3	2.2	2.3	2.3	2.4
Soyabeans	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Protein crops	**1.3**	**1.4**	**1.4**	**1.2**	**1.2**	**1.2**	**1.2**	**1.2**	**1.2**	**1.2**	**1.2**
Flax and Hemp	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**
Silage (2)	**4.6**	**5.0**	**5.1**	**4.9**	**4.9**	**4.8**	**4.8**	**4.7**	**4.8**	**4.7**	**4.7**
Total arable crops	**63.5**	**65.3**	**64.2**	**64.1**	**64.8**	**64.5**	**64.5**	**63.9**	**64.7**	**64.3**	**65.1**
Compulsatory set-aside	4.0	1.9	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0
of which EU-15	4.0	1.9	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
EU-N10	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0	1.0
of which non-food oilseeds	0.9	0.5	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Voluntary set-aside	2.3	3.1	3.0	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Total set aside	6.3	5.0	7.0	7.2	7.2	7.2	8.2	8.2	8.2	8.2	8.2
Total COP	**69.8**	**70.3**	**71.2**	**71.3**	**72.1**	**71.8**	**72.7**	**72.2**	**72.9**	**72.6**	**73.3**

(1) on non-set aside area
(2) excluding grass silage
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(1) major oilseeds on non set-aside land;
(2) excluding grass silage;
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Table A.8 Total oilseed market projections for the European Union, 2003-2013 (mio t)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Usable production	**16.2**	**20.1**	**19.7**	**21.4**	**23.4**	**23.3**	**24.5**	**24.3**	**26.0**	**25.6**	**27.7**
of which EU-15	12.7	15.2	15.3	16.6	18.5	18.5	20.0	19.4	21.2	20.5	22.7
EU-N10	3.4	4.9	4.4	4.8	4.9	4.8	4.5	4.8	4.8	5.1	5.0
of which non-food set aside	2.3	1.8	2.8	2.8	2.9	3.0	3.1	3.2	3.2	3.3	3.4
Consumption	**34.3**	**35.4**	**38.7**	**40.1**	**42.0**	**44.1**	**45.0**	**47.9**	**48.7**	**51.7**	**50.9**
of which bioenergy	3.6	4.6	7.4	8.3	10.7	11.8	11.9	13.5	13.6	15.2	15.6
of which EU-15	30.9	33.0	36.1	38.6	40.3	42.4	43.2	46.1	46.7	49.8	48.8
EU-N10	3.4	2.4	2.5	1.6	1.7	1.7	1.8	1.8	1.9	2.0	2.1
Imports	20.0	19.2	19.3	20.2	19.7	22.1	21.7	24.7	23.7	27.1	24.2
Exports	0.8	1.8	0.4	0.5	0.3	0.3	0.3	0.1	0.1	0.1	0.1
Beginning stocks	9.6	7.1	4.4	4.8	5.0	5.3	5.5	5.6	5.9	6.0	6.3
Ending stocks	7.1	4.4	4.8	5.0	5.3	5.5	5.6	5.9	6.0	6.3	6.2

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Table A.9 Beef/veal market projections for the EU-25, 2004 – 2013 ('000 t cwe)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross Indigenous Production	**8 135**	**7 901**	**7 967**	**7 866**	**7 736**	**7 639**	**7 587**	**7 549**	**7 531**	**7 492**
Live Imports	**9**	**8**	**8**	**8**	**8**	**8**	**8**	**8**	**8**	**8**
Live Exports	**103**	**68**	**43**	**34**	**32**	**31**	**29**	**28**	**26**	**25**
Net Production	**8 041**	**7 841**	**7 932**	**7 840**	**7 711**	**7 617**	**7 565**	**7 529**	**7 512**	**7 475**
EU 15	7 446	7 272	7 346	7 296	7 171	7 083	7 036	7 002	6 986	6 952
EU N10*	595	569	586	544	540	533	530	527	526	524
Import	**504**	**520**	**515**	**540**	**598**	**633**	**650**	**678**	**702**	**727**
Exports	**328**	**218**	**157**	**118**	**99**	**86**	**74**	**55**	**53**	**48**
Stocks changes	- 34	0	0	0	0	0	0	0	0	0
Consumption	**8 251**	**8 143**	**8 290**	**8 262**	**8 210**	**8 163**	**8 141**	**8 153**	**8 161**	**8 155**
Per Capita Consumption	**18.0**	**17.7**	**18.0**	**17.9**	**17.7**	**17.6**	**17.5**	**17.5**	**17.5**	**17.5**
EU 15	20.1	19.9	20.2	20.2	20.0	19.8	19.7	19.7	19.7	19.7
EU N10*	7.1	6.4	6.5	6.0	6.1	6.1	6.2	6.2	6.3	6.3
Ending stocks (Intervention)	0	0	0	0	0	0	0	0	0	0

Table A.10 Pig meat market projections for the EU-25, 2004 – 2013 ('000 t cwe)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross Indigenous Production	**21 104**	**21 146**	**21 335**	**21 465**	**21 637**	**21 675**	**21 712**	**21 791**	**21 911**	**22 094**
Live Imports	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Live Exports	**22**	**34**	**29**	**30**	**30**	**30**	**30**	**30**	**30**	**30**
Net Production	**21 082**	**21 112**	**21 306**	**21 435**	**21 607**	**21 645**	**21 682**	**21 761**	**21 881**	**22 064**
EU 15	17 809	17 912	17 911	17 962	18 057	18 073	18 110	18 183	18 258	18 370
EU N10*	3 273	3 200	3 395	3 473	3 550	3 572	3 572	3 578	3 623	3 695
Import	**15**	**15**	**13**	**14**	**16**	**19**	**20**	**22**	**23**	**24**
Exports	**1 498**	**1 477**	**1 563**	**1 591**	**1 617**	**1 620**	**1 609**	**1 572**	**1 525**	**1 539**
Stocks changes	**- 90**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Consumption	**19 689**	**19 650**	**19 756**	**19 858**	**20 007**	**20 043**	**20 094**	**20 212**	**20 379**	**20 549**
Per Capita Consumption	**43.0**	**42.8**	**42.9**	**43.0**	**43.2**	**43.2**	**43.3**	**43.4**	**43.7**	**44.1**
EU 15	42.6	42.4	42.5	42.7	42.9	42.9	42.9	43.1	43.3	43.5
EU N10*	45.4	44.9	44.9	44.7	45.1	45.2	45.3	45.4	46.3	47.1

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Table A.11 Poultry meat market projections for the EU-25, 2004 – 2013 ('000 t cwe)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross Indigenous Production	**10 975**	**10 977**	**10 851**	**11 069**	**11 164**	**11 286**	**11 372**	**11 427**	**11 490**	**11 534**
Live Imports	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Live Exports	**5**	**6**	**6**	**6**	**6**	**6**	**6**	**6**	**6**	**6**
Net Production	**10 970**	**10 971**	**10 845**	**11 063**	**11 158**	**11 280**	**11 366**	**11 421**	**11 484**	**11 528**
EU 15	9 093	9 062	8 829	9 030	9 081	9 149	9 213	9 254	9 301	9 336
EU N10*	1 877	1 909	2 016	2 033	2 076	2 131	2 154	2 167	2 183	2 191
Import	**519**	**578**	**580**	**614**	**624**	**628**	**631**	**636**	**638**	**644**
Exports	**974**	**913**	**873**	**922**	**949**	**941**	**939**	**920**	**916**	**914**
Consumption	**10 515**	**10 636**	**10 552**	**10 755**	**10 827**	**10 962**	**11 052**	**11 131**	**11 201**	**11 251**
Per Capita Consumption	**23.**	**23.2**	**22.9**	**23.3**	**23.4**	**23.6**	**23.8**	**23.9**	**24.**	**24.1**
EU 15	22.7	22.9	22.6	23.1	23.2	23.4	23.5	23.6	23.7	23.7
EU N10*	24.3	24.6	24.5	24.5	24.6	25.0	25.4	25.7	25.9	26.2

Table A.12 Sheep/Goat meat market projections for the EU-25, 2004–2013 ('000 t cwe)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net Production	**1 060**	**1 051**	**1 028**	**1 015**	**1 015**	**1 014**	**1 012**	**1 010**	**1 007**	**1 004**
EU 15	1 044	1 036	1 014	1 001	1 001	1 001	998	996	994	990
EU N10*	16	15	14	14	14	14	14	13	13	13
Import	**260**	**273**	**290**	**300**	**300**	**300**	**300**	**301**	**302**	**303**
Exports	**4**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Consumption	**1 316**	**1 321**	**1 315**	**1 312**	**1 311**	**1 311**	**1 309**	**1 308**	**1 306**	**1 304**
Per Capita Consumption	**2.9**	**2.9**	**2.9**	**2.8**	**2.8**	**2.8**	**2.8**	**2.8**	**2.8**	**2.8**
EU 15	3.4	3.4	3.4	3.3	3.3	3.3	3.3	3.3	3.3	3.3
EU N10*	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2

Table A.13 Meat per capita consumption projections in the EU, 2004 – 2013 (kg/head)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EU-25										
Beef and Veal	18.0	17.7	18.0	17.9	17.7	17.6	17.5	17.5	17.5	17.5
Pork	43.0	42.8	42.9	43.0	43.2	43.2	43.3	43.4	43.7	44.1
Poultry	23.0	23.2	22.9	23.3	23.4	23.6	23.8	23.9	24.0	24.1
Sheep Goat	2.9	2.9	2.9	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Total EU-25	86.9	86.6	86.7	87.0	87.2	87.3	87.4	87.7	88.1	88.4
of which EU-15										
Beef and Veal	20.1	19.9	20.2	20.2	20.0	19.8	19.7	19.7	19.7	19.7
Pork	42.6	42.4	42.5	42.7	42.9	42.9	42.9	43.1	43.3	43.5
Poultry	22.7	22.9	22.6	23.1	23.2	23.4	23.5	23.6	23.7	23.7
Sheep Goat	3.4	3.4	3.4	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Total EU-15	88.8	88.6	88.7	89.3	89.4	89.4	89.4	89.7	90.0	90.1
of which EU-N10*										
Beef and Veal	7.1	6.4	6.5	6.0	6.1	6.1	6.2	6.2	6.3	6.3
Pork	45.4	44.9	44.9	44.7	45.1	45.2	45.3	45.4	46.3	47.1
Poultry	24.3	24.6	24.5	24.5	24.6	25.0	25.4	25.7	25.9	26.2
Sheep Goat	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total EU-N10*	77.1	76.1	76.1	75.4	76.0	76.6	77.1	77.5	78.6	79.8

Table A.14 Consumption egg market projections for the EU-25, 2003 – 2013 (mio t)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Usable production	**6.2**	**6.3**	**6.3**	**6.4**	**6.6**	**6.6**	**6.6**	**6.7**	**6.6**	**6.6**	**6.6**
of which EU-15	5.3	5.3	5.4	5.4	5.5	5.6	5.6	5.6	5.6	5.6	5.6
EU-N10	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Consumption	**6.1**	**6.2**	**6.2**	**6.3**	**6.4**	**6.4**	**6.4**	**6.5**	**6.5**	**6.5**	**6.5**
Imports	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exports	0.1	0.3	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.1	0.1
Per capita consumption	13.3	13.5	13.6	13.8	13.8	13.8	13.9	13.9	13.9	14.0	14.0
EU-15	13.5	13.7	13.8	13.8	13.8	13.8	13.8	13.9	13.9	13.9	14.0
EU-N10	12.4	12.7	12.6	13.7	13.8	13.9	13.9	14.0	14.1	14.1	14.2

EU-N10: Ten new Member States

* EU N10: Ten new Member States

Table A.15 Milk production, deliveries and dairy herd in the EU-25, 2004 – 2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total production (mio t)	**142.0**	**142.4**	**142.7**	**143.7**	**144.5**	**144.4**	**144.4**	**144.4**	**144.4**	**144.4**
EU 15	120.5	120.8	121.0	121.8	122.6	122.5	122.5	122.5	122.5	122.5
EU N10*	21.6	21.7	21.7	21.8	21.9	21.9	21.9	21.9	21.9	21.9
Deliveries (mio t)	**130.2**	**131.6**	**132.8**	**134.3**	**135.0**	**135.6**	**135.9**	**136.2**	**136.4**	**136.4**
Delivery ratio (in %)	**91.7**	**92.4**	**93.1**	**93.5**	**93.5**	**94.0**	**94.1**	**94.4**	**94.5**	**94.4**
Fat content (in %)	**4.08**	**4.06**	**4.06**	**4.07**	**4.07**	**4.07**	**4.08**	**4.08**	**4.08**	**4.08**
Protein content (in %)	**3.32**	**3.33**	**3.33**	**3.33**	**3.33**	**3.33**	**3.34**	**3.34**	**3.34**	**3.34**
Milk yield (kg/dairy cow)	**6070**	**6200**	**6250**	**6395**	**6480**	**6539**	**6601**	**6668**	**6739**	**6803**
EU 15	6397	6553	6577	6727	6808	6853	6904	6961	7021	7073
EU N10*	4725	4769	4895	5017	5104	5206	5300	5395	5503	5607
Dairy cows (mio heads)	**23.4**	**23.0**	**22.8**	**22.5**	**22.3**	**22.1**	**21.9**	**21.7**	**21.4**	**21.2**
EU 15	18.8	18.4	18.4	18.1	18.0	17.9	17.7	17.6	17.4	17.3
EU N10*	4.6	4.5	4.4	4.4	4.3	4.2	4.1	4.1	4.0	3.9

Note: Dairy cow numbers refer to the end of the year (historical figures from the December cattle survey)

Table A.16 Cheese market projections for the EU-25, 2004 – 2013 ('000 t)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total production (1)	**8 333**	**8 421**	**8 627**	**8 743**	**8 857**	**8 968**	**9 053**	**9 124**	**9 206**	**9 303**
EU 15	7 420	7 460	7 596	7 700	7 775	7 822	7 875	7 915	7 982	8 042
EU N10*	913	961	1 031	1 043	1 081	1 146	1 177	1 210	1 223	1 261
Imports	**112**	**100**	**92**	**93**	**95**	**97**	**99**	**102**	**104**	**106**
Exports	**576**	**544**	**517**	**519**	**519**	**523**	**527**	**527**	**527**	**528**
Human consumption (2)	**7 868**	**7 978**	**8 202**	**8 317**	**8 433**	**8 542**	**8 625**	**8 699**	**8 782**	**8 881**
Per capita consumption (kg)	**17.2**	**17.4**	**17.8**	**18.0**	**18.2**	**18.4**	**18.6**	**18.7**	**18.9**	**19.0**
EU 15	18.4	18.5	18.8	19.0	19.2	19.3	19.4	19.4	19.5	19.6
EU N10*	11.0	11.6	12.5	12.7	13.3	13.8	14.4	15.0	15.6	16.2

Table A.17 Butter market projections for the EU-25, 2004 – 2013 ('000 t)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total production	**2 165**	**2 175**	**2 155**	**2 129**	**2 111**	**2 085**	**2 069**	**2 054**	**2 028**	**1 993**
EU 15	1 901	1 915	1 878	1 866	1 864	1 839	1 826	1 815	1 796	1 778
EU N10*	265	261	277	263	247	246	243	238	232	215
Imports	**93**	**75**	**90**	**90**	**90**	**90**	**90**	**90**	**90**	**90**
Exports	**356**	**336**	**280**	**268**	**236**	**260**	**257**	**254**	**244**	**226**
Total consumption	**1 967**	**1 945**	**1 945**	**1 941**	**1 939**	**1 939**	**1 927**	**1 914**	**1 899**	**1 882**
per capita consumption (kg)	**4.30**	**4.24**	**4.22**	**4.20**	**4.19**	**4.18**	**4.15**	**4.12**	**4.08**	**4.04**
EU 15	4.56	4.49	4.47	4.44	4.41	4.39	4.35	4.30	4.25	4.20
EU N10*	2.94	2.91	2.94	2.96	3.02	3.08	3.09	3.12	3.16	3.17
Intervention Stocks										
Ending stocks	161	130	150	160	186	162	137	112	87	62
Stock changes	-62	-31	20	10	27	-25	-25	-25	-25	-25

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

Table A.18 SMP market projections for the EU-25, 2004 – 2013 ('000 t)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total production	**956**	**952**	**954**	**938**	**926**	**916**	**909**	**901**	**888**	**876**
EU 15	754	746	747	738	733	724	720	716	710	704
EU N10*	202	206	207	200	193	192	189	185	178	172
Imports	**26**	**7**	**15**	**15**	**15**	**15**	**15**	**15**	**15**	**15**
Exports	**283**	**195**	**145**	**127**	**110**	**100**	**91**	**85**	**80**	**77**
Total consumption	**829**	**828**	**824**	**826**	**831**	**831**	**833**	**831**	**823**	**814**
EU 15	775	774	776	780	788	789	792	790	784	776
EU N10*	54	54	48	46	43	43	41	40	39	38
Stock changes	- 130	- 65	0	0	0	0	0	0	0	0
Intervention Stocks										
Ending stocks	65	0	0	0	0	0	0	0	0	0
Stock changes	-129	-65	0	0	0	0	0	0	0	0

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

* EU N10: ten new Member States