European Commission

SHORT-TERM OUTLOOK

for EU agricultural markets in 2023





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

The contents of this publication do not necessarily reflect the position or opinion of the European Commission.

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https://agriculture.ec.europa.eu/data-and-analysis/markets/outlook/short-term_en

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Agriculture and Rural Development

CONTENT

HIGHLIGHTS

This short-term market outlook is again driven by the negative impacts of Russia's unprovoked invasion of Ukraine, notably on energy, fertiliser and feed prices, and by the unfolding food price inflation impacting EU consumer decisions, with purchasing power decreasing globally due to the economic slowdown. EU farmers' resilience continues to be challenged, with still above-average input costs, although energy and fertiliser prices have started to come down since last autumn's edition. High commodity prices last year helped countering high input costs and the first estimates indicate an increase of the EU average farm income, with significant sectorial and regional disparities.

The current EU macroeconomic forecast is relatively more positive than in autumn 2022, despite uncertainties about energy supply for next winter and recent financial market tensions. Natural gas prices have continued declining, which eased pressure on the EU fertiliser market, but fertiliser prices are still significantly higher than two years ago. Food inflation could remain high until declining input costs are transmitted along the food supply chain and bring relief to consumers. The EUR to USD exchange rate has again exceeded parity, but the US dollar is expected to remain relatively strong in the short term. The depreciation of the EUR could facilitate EU exports, but also lead to more expensive agricultural inputs and further deepen inflation.

The suspension of import duties and quotas on Ukrainian exports to the EU has helped alleviating the war-induced economic pressure on Ukrainian agriculture, together with the Solidarity Lanes and the Black Sea Grain Initiative, which effectively facilitated trade. Some EU agricultural imports from Ukraine increased substantially in 2022 and put pressure on regional markets, e.g. feed grains, poultry meat. In 2023, severe uncertainty surrounding Ukraine's production and trade capacity is due to negatively impact its export prospects.

In 2022, global agriculture faced the third consecutive year of the '*La Niña*' climatic cycle, and large parts of the EU experienced winter droughts and further worsening water availability in regions with already record low water reservoirs. Dry and mild winter weather could lower the quality and the availability of forage and may also increase pest pressure, with a possible effect on yields. In the regions most concerned, this could impact farmer decisions on future sowing, e.g. by substituting away from more water-intensive crop cultures. With extreme weather events becoming more frequent due to climate change, spring frost or summer droughts are also increasingly likely to happen, and this increases the uncertainty surrounding the prospects of EU agriculture. Given the limited availability of data for a longer term weather forecast for the most productive part of the cropping seasons, normal weather conditions are assumed in this outlook edition.


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KEY MESSAGES

+1%

expected euro area real GDP growth in 2023 in the ECB baseline

+5.3%

expected euro area inflation in 2023 in the ECB baseline

+19.5%

EU consumer prices for food in February 2023 (year-on-year)

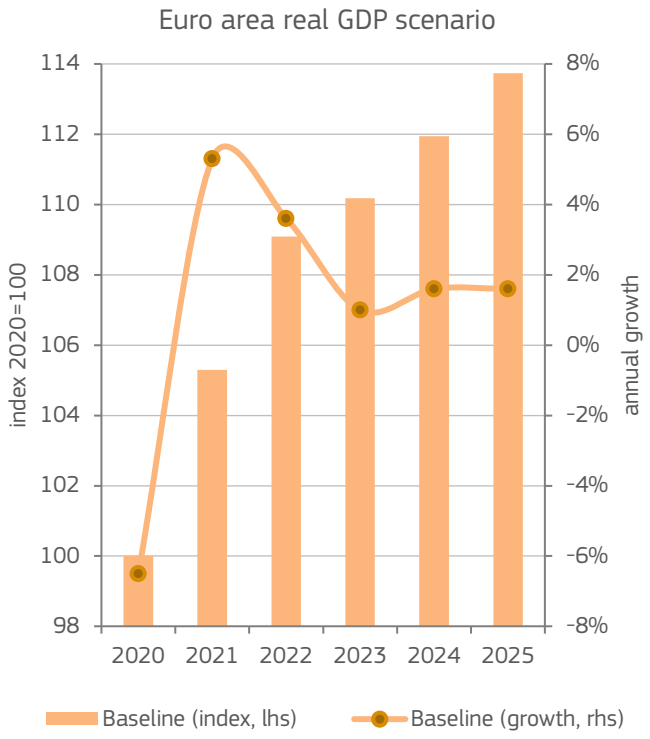
MARKET FUNDAMENTALS

HIGHLIGHTS

Compared to the autumn 2022 forecast, the EU macroeconomic outlook turned better than expected: a mild winter, reduced energy demand, changes of consumer behaviour as well as policy measures such as strategic energy reserves and price caps contributed to lower energy prices and averted rationing measures. 2023 would be still a year where efforts are required to bring inflation to sustainable levels: while energy inflation is lowering, food inflation is still significant, with EU average food prices 19.5% higher in February 2023 than in February 2022.

Input price pressure on farmers is expected to ease in 2023. Lower forecast cereal prices could stabilize feed demand, and the affordability and availability of fertilisers improve with lower energy prices and dynamically increasing imports. Nevertheless, input costs are due to remain well above long-term average and could continue pressuring farmers' margins. Because of high food inflation, consumers tend to switch to more basic, and so cheaper food items, and shift preferences between different types of food products (e.g. more poultry meat consumed and less beef and pigmeat). This could remain an important factor shaping EU demand in 2023. Concerning trade, the EU exports could increase in 2023 partially due to lower EU commodity prices and the evolution of EUR:USD exchange rate. In some cases, this could be supported by a recovery in China while some challenges could remain due to a weaker purchasing power and a lower EU competitiveness in some markets.

MACROECONOMIC OUTLOOK



Note: Baseline includes tighter financing conditions, lower oil prices, significantly lower wholesale gas and electricity prices and an appreciation of the euro. Source: European Central Bank.

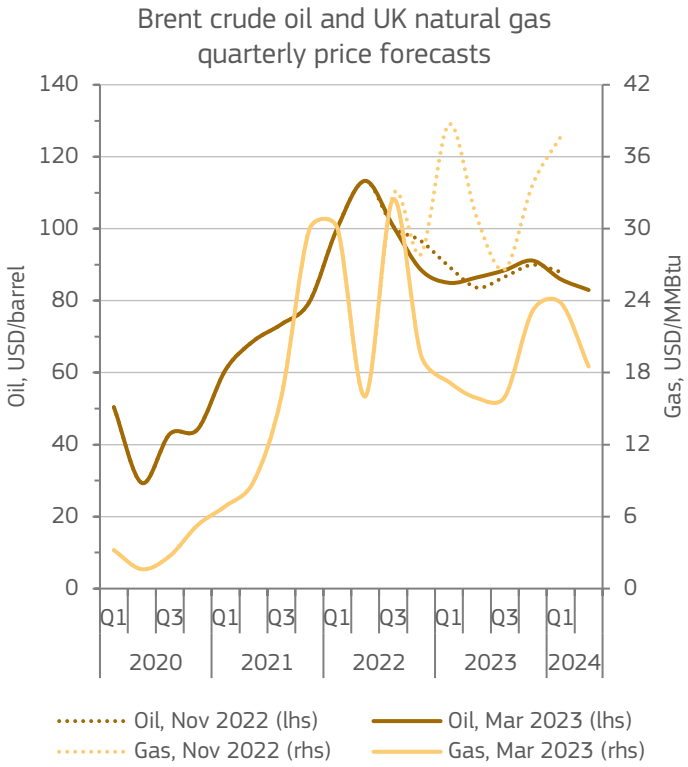
GDP GROWTH AND INFLATION SLIGHTLY IMPROVING IN 2023

One year after Russia's unprovoked invasion of Ukraine, the EU macroeconomic situation seems relatively more positive than what was foreseen in autumn 2022, despite uncertainties about energy supply for next winter and recent financial market tensions.

Natural gas prices continued declining, which was helped by a sharp fall in consumption, milder winter, sufficient storages, and diversification of supply. Inflation is also slowing down and economic sentiment has been improving. 2022 registers a GDP growth of 3.6% compared to 2021. For the current year, the ECB has revised upwards 2023 GDP real growth rates by 0.5 pp, showing a projected increase of the euro area economy by 1%. GDP would continue to grow by 1.6% for 2024 and 2025.

Inflation forecasts have also been revised downwards, especially in light of the decision by the ECB to further increase interest rates to tackle the inflation. While euro area inflation in 2022 reached 8.4%, it is currently expected to fall to 5.3% in 2023 and to 2.9% in 2024.

[1] *ECB projections based on information up to 15 February 2023.*



Note: 1 MMBtu is 1 million British thermal units, approximately 293.1 kilowatt hours. Source: S&P Global.

NATURAL GAS PRICES FORECAST TO BE LOWER THAN IN 2022

S&P Global expects Brent crude oil price to fluctuate around USD 85/bbl after the peak of USD 113/bbl in Q2 2022, reaching USD 91/bbl in Q4 2023. These trends are affected by the introduction of price caps on crude oil (USD 60/bbl) and petroleum products (USD 100/bbl for premium-to-crude products and USD 45/bbl for discount to crude ones) imported from Russia by the EU along with the countries of the Price Cap coalition (Australia, Canada, the EU, Japan, the UK, and the US).

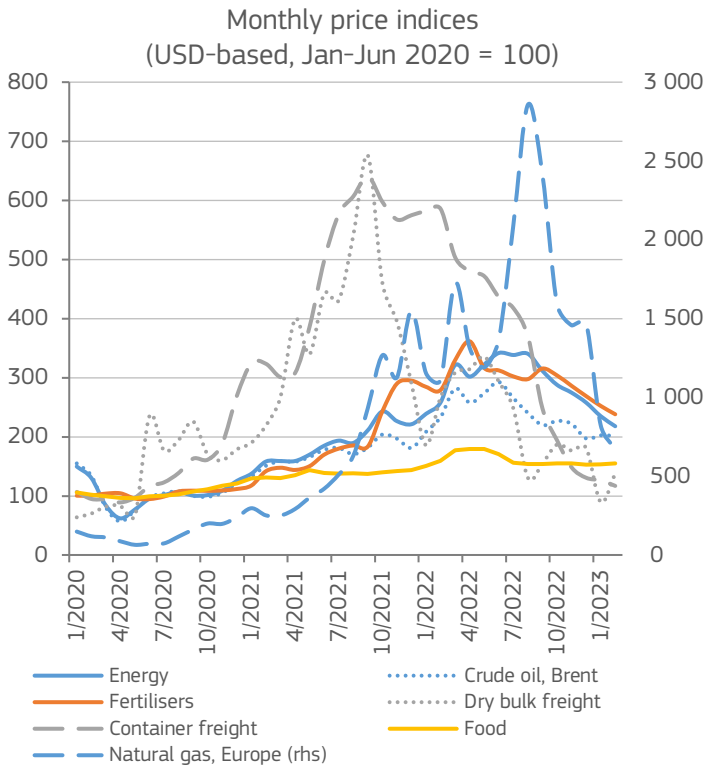
Regarding natural gas, the combination of reduced demand, changes in consumers' behaviour, mild winter, strong European storage and the agreement on a gas price cap (of EUR 180/mWh) are leading to a downward revision of natural gas prices forecast: the price for natural gas is expected to fluctuate around USD 18/MMBtu (around 56 EUR/mWh) with an increase expected for Q4 of 2023 due to the increased winter demand.

MACROECONOMIC OUTLOOK

ENERGY, COMMODITY AND LOGISTICAL COSTS ON A DOWNWARD TREND

For several commodities a downward price trend is visible since autumn 2022, particularly for natural gas prices, which returned to summer 2021 levels, despite being still around 5-times higher than the early 2020 levels. The sharp reduction of natural gas prices from the record peak seen in August 2022 is also leading to a reduction of fertiliser prices, particularly nitrogen-based ones. Despite these positive developments, fertiliser and energy prices are still twice as high as at the beginning of 2020.

The logistics crisis, which has mainly impacted container traffic between 2021 and 2022, seems now to have come to an end, as both container and dry bulk freight transport prices are at levels comparable to those seen in early 2020. The sharp decrease in prices is not as significant for agricultural commodities, as prices remain 55% above the levels observed in the first half of 2020.

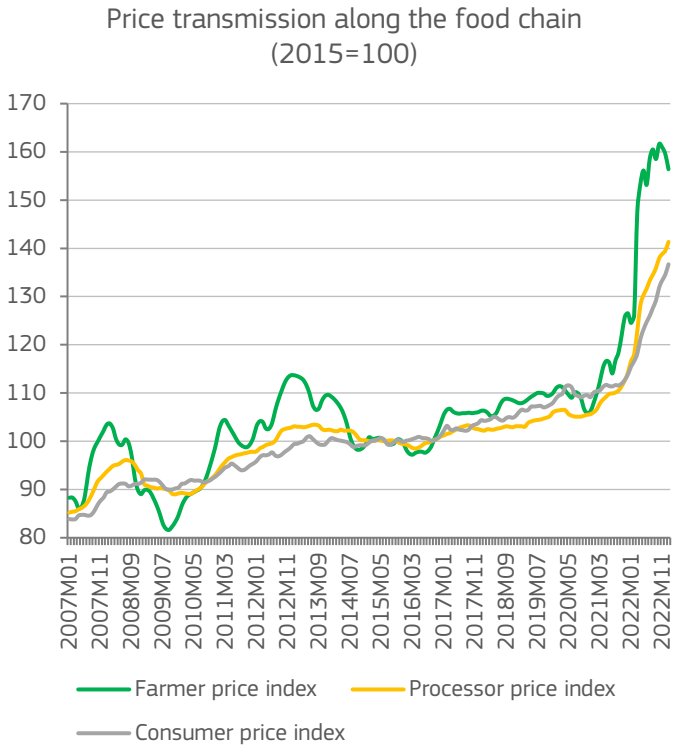


Note: Energy index includes oil, natural gas and coal.
Sources: World Bank (fertilisers, energy, natural gas), Drewry (global container freight), Baltic Exchange (Dry Bulk Freight).

EU FARMER PRICE INDEX AFTER PEAK

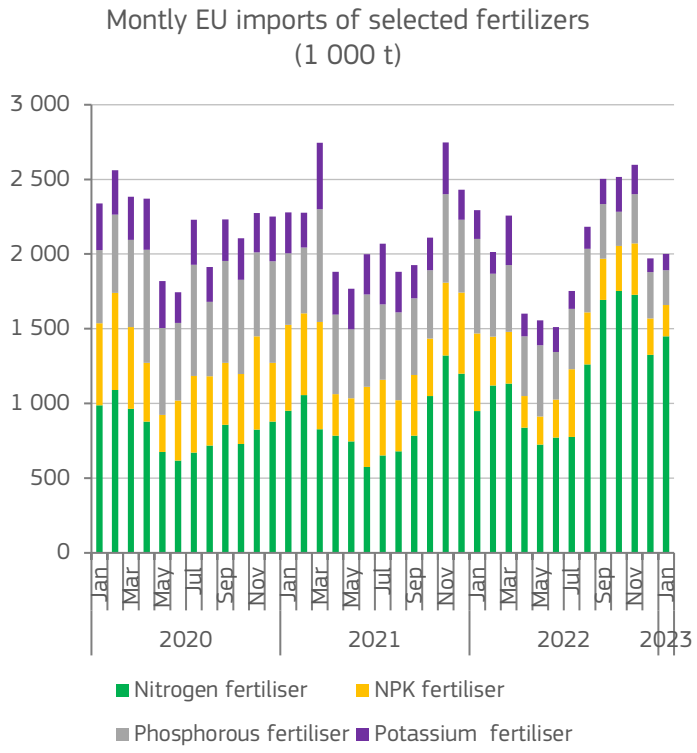
In October 2022, the EU farmer price index reached its peak (around 162 points compared to 2015 index). Since then, it started declining. These developments are supported mainly by reduced prices of arable crops while prices remain relatively stable for pigmeat and poultry, and even increase for beef. In addition, the EU raw milk price peaked at the end of 2022 and started declining ahead of the annual production peak. On the contrary, sugar prices still increase, and prices of tomatoes stay high, given the high energy costs of the winter harvest.

The uncertainty on the development of crop prices remains but market signals suggest that grain markets are getting back to more normal (average) conditions, and their prices could continue following a downward trend. Some downward correction is expected to continue also in dairy prices. However, weather conditions, Russia's unprovoked invasion of Ukraine and challenge of still high input costs could possibly add to producer prices in 2023, although to a lesser extent than in 2022. Even if some reduction of producer prices could further take place, the transmission to consumers will take time, meaning that consumer food price index could remain at high level for a while before turning downwards.

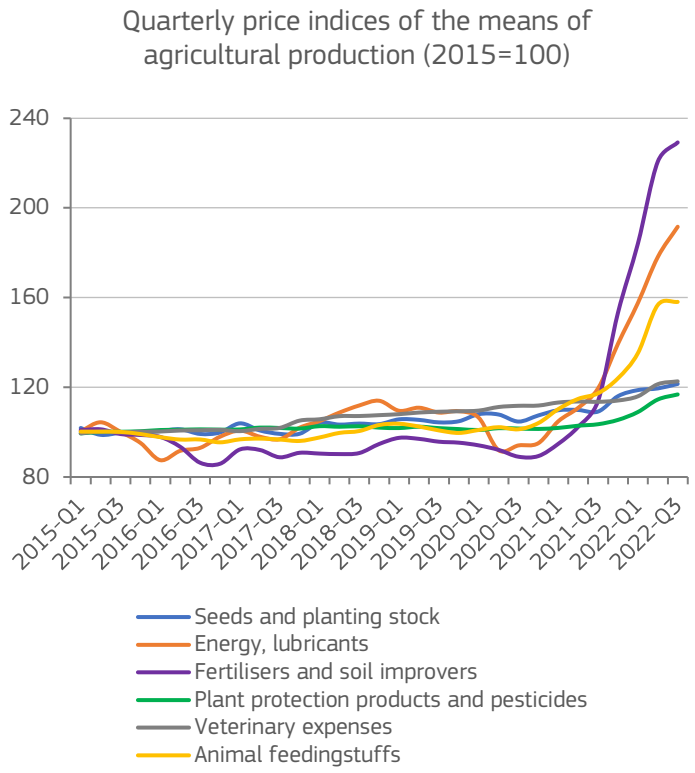


Source: DG Agriculture and Rural Development, based on Eurostat and MS notifications.

SUPPLY



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



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

FERTILISER AFFORDABILITY AND AVAILABILITY IMPROVE BUT STILL IMPACT CROP FORECAST

Declining natural gas prices are expected to stabilize EU fertiliser markets and ease the pressure on EU farmers. Largely linked to the fall in gas prices, nitrogen fertiliser prices have also decreased.

Apart the impact of energy prices on fertilisers' costs, reduced demand for fertilisers, for all nutrients, but even more for phosphates and potash; and increasing nitrogen fertiliser imports also play an important role in the improvement of fertiliser availability. After lower fertiliser application rates in 2022, EU farmers are once again expected to use fewer mineral fertilisers than usual, due to lower volumes of fertilisers purchased at a higher price and uncertain crop price prospects.

Lower application rates, combined with unfavourable weather conditions, have contributed to the decline in cereal production in 2022/23 (-9.2%), whereas EU oilseed production is estimated to increase significantly (+4.1%). Farmers increasingly opt for crops with lower fertiliser needs, and mineral fertiliser use is expected to be below long-term average in the upcoming season too.

HIGH INPUT COSTS PUT PRESSURE ON PRODUCERS' MARGINS

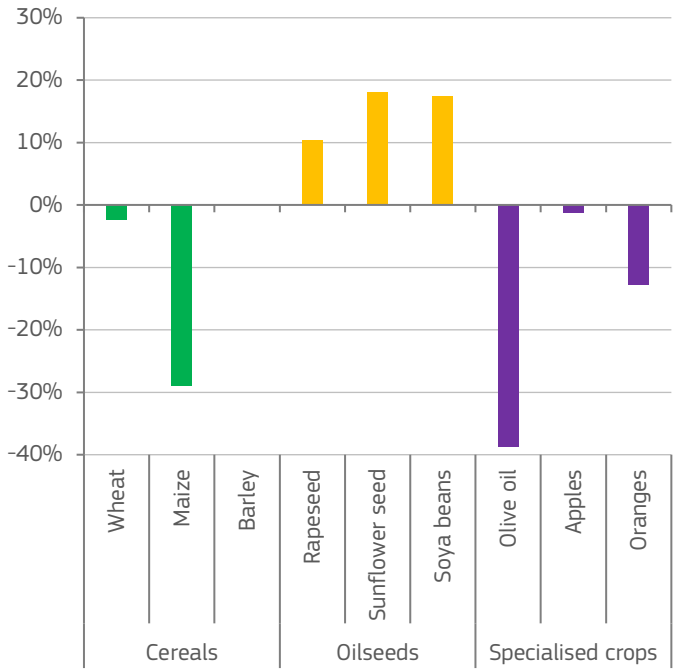
In 2022, high agri-food commodity prices prevented drastic reduction in production, although input prices (including energy, fertilisers, feed and labour) also sharply increased. The input price pressure on farmers is expected to ease in 2023 (e.g. lower forecast cereal prices would stabilize feed demand), but input costs are forecast to remain well above long-term average. Depending on producer prices, high input prices may challenge livestock sectors in 2023. For example, as raw milk prices have passed their peak and could decline, milk deliveries could decrease by -0.2%.

Historically high input prices impacted the international competitiveness of EU agri-food products negatively in 2022, in addition to the consequences of a weaker euro (as trade on most international markets is in US dollars). For example, increasing refining costs for sugar due to high natural gas prices, together with smaller EU sugar beet harvest as a result of unfavourable weather conditions, led to a large increase in the EU sugar price in autumn and winter of 2022/23 (+51% since September 2022). This unproportional EU price increase as compared to world market prices could drive up EU sugar imports by 34% in the current campaign, while exports are forecast to decline by -31%, driven by worsened EU competitiveness.

High input costs affect all actors in the supply chain. For example, due to high storage costs for fresh apples, more are expected to be channelled to processing, despite low prices and limited opportunities for exports.

SUPPLY

Annual* EU production change of selected arable and specialised crops in 2022/23

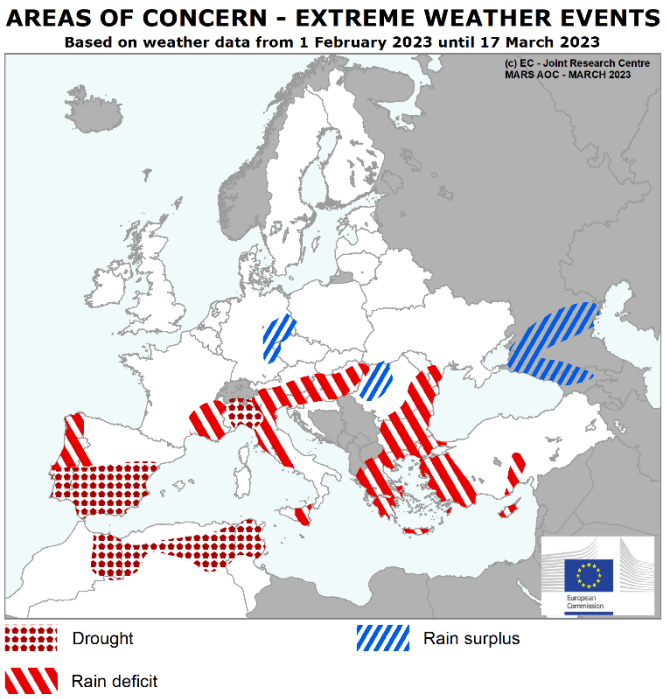


** Marketing years are used*
Source: DG Agriculture and Rural Development, based on Eurostat.

REDUCED QUALITY AND QUANTITY OF CROPS DUE TO HOT AND DRY WEATHER

2022 witnessed one of the hottest summers in recorded history, with record hot and dry conditions. In addition to the drop in EU cereals production (-9.2%), the most severe production reduction was observed with the EU olive oil production in the 2022/23 season, which decreased by -39% year-on-year. Even high beginning stocks could not counterbalance the drop in supply. The low availability of olive oil, combined with high input costs for farmers and processors, lead to a rapid increase in producer prices, with an average price of extra virgin olive oil in ES 85% above the last 5-year average in February 2023.

In addition to the lower supply of certain agricultural products, the quality was also impacted negatively. For example, both the quantity and the quality of the EU orange harvest is reported to be significantly lower in 2022/23. Although lower-quality oranges are usually used for processing, a tight supply forces producers to market those partly in a fresh consumption. The combination of these two drivers is expected to impact more strongly the production for processing than the production for fresh consumption (-32% and -9% respectively).



Source: JRC MARS Bulletin Vol. 31 No 3.

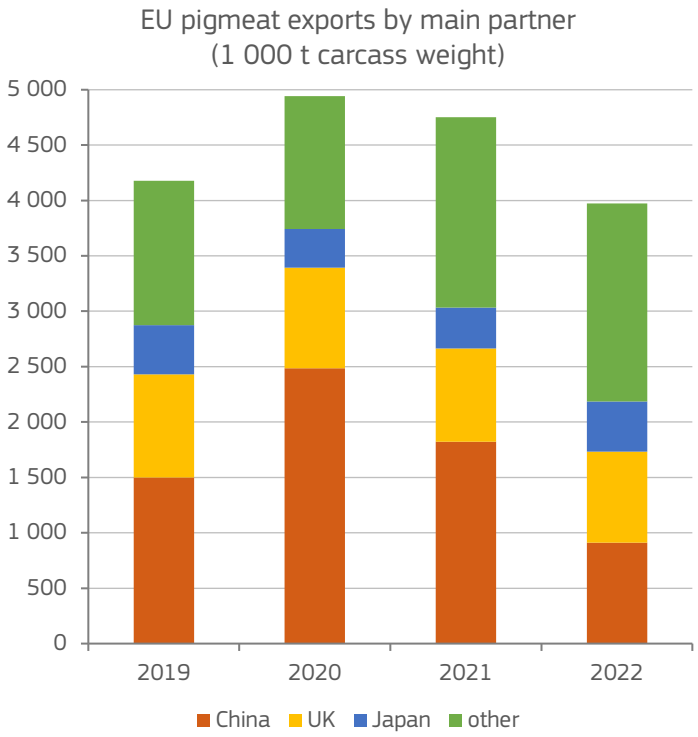
WINTER DROUGHT CONTINUES IMPACTING SOME EU REGIONS

During winter, large parts of the EU experienced winter droughts, further worsening water availability in regions with record low water reservoirs, mainly in ES and Northern IT. If rainfall will not improve water availability later in the year, crop yields could be impacted in more EU countries, as they had been already in water deficient regions.

In addition, dry and warm winter weather can also lower the quality and the availability of forage (impacting livestock production) and could also reduce the quality and quantity of crop products due to pest pressure in the affected regions.

Moreover, as the last years showed, extreme weather events (but also spring frosts) are likely to get more frequent. These will certainly be factors to watch in the upcoming weeks and months. For the lack of predictable forecasts at this time of the year, normal weather conditions are assumed in this outlook.

SUPPLY



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

LIVESTOCK PRODUCTION AND EXPORTS UNDER RISK DUE TO OUTBREAKS OF ANIMAL DISEASES

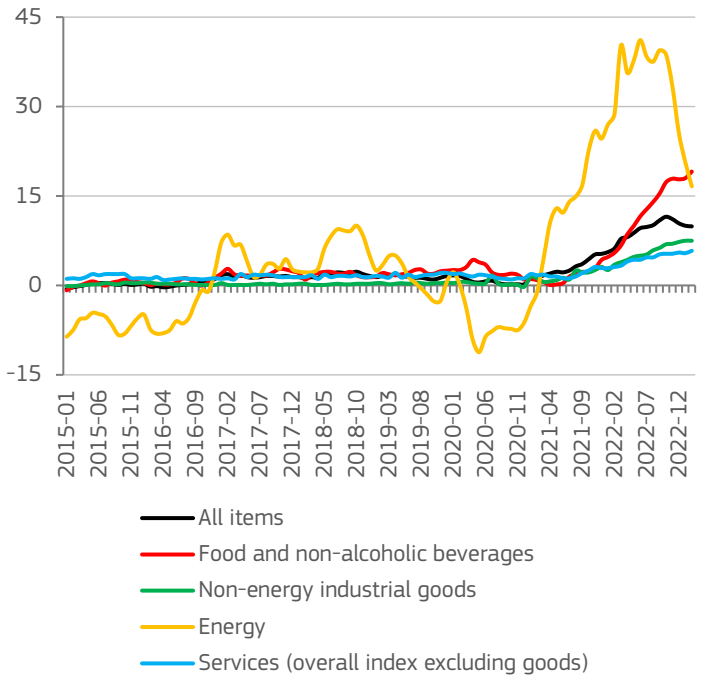
Besides weather and cost-related production restrictions, animal diseases add an additional layer of uncertainty to the prospects of EU livestock production.

Highly Pathogenic Avian Influenza (HPAI) implies a large uncertainty and economic risk for the outlook of the poultry sector. Large number of outbreaks were reported both in Europe and North America in 2022, and they are expected to remain a threat over the whole year rather than being seasonal. On the other hand, HPAI is due to mainly influence a market access for EU exports, while its impact on poultry meat supply remains marginal. HPAI outbreaks, which led either to country-wide bans or their regionalisation, contributed to the decline in EU export volumes (-10% year-on-year) in 2022, and is forecast to be a driver of a further decline (-5%) in the current marketing year.

African Swine Fever (ASF) outbreaks still limit the export potential of EU pigmeat to the Chinese market (40% reduction in exports in 2022, partly also driven by a tight supply). The ASF situation is assumed not to change fundamentally in 2023, which will continue to trigger a supply reduction in affected EU countries and will limit the extent to which EU pigmeat producers take advantage of an increasing import demand from China. Diverting exports to other destinations like Japan (+23% increase in exports forecast), the Philippines (+21%), South Korea (+12%) Australia (+19%) could soften the negative impacts on export volumes, but, overall, EU pigmeat exports are set to further decrease in 2023.

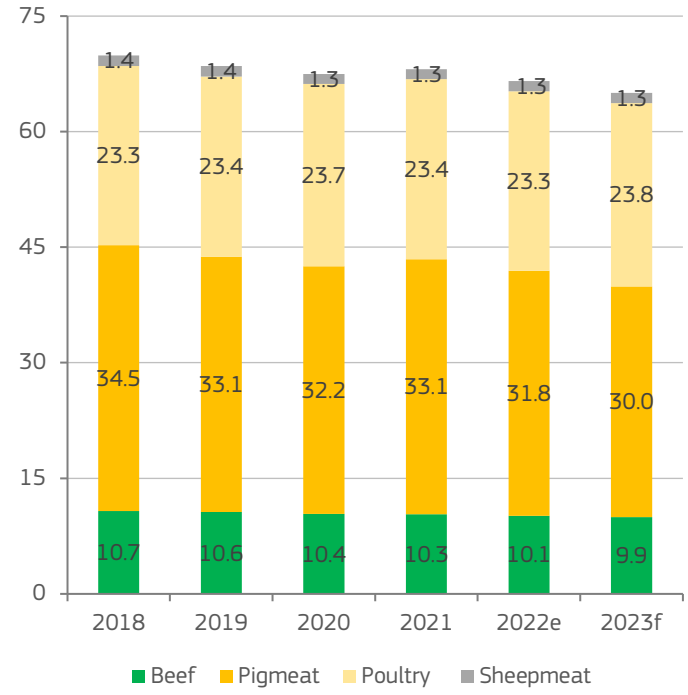
DEMAND

EU monthly inflation change and its main components (annual rate of change)



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

EU per capita consumption by meat type (kg)



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

FOOD INFLATION CHANGES EU AND GLOBAL CONSUMPTION PATTERNS

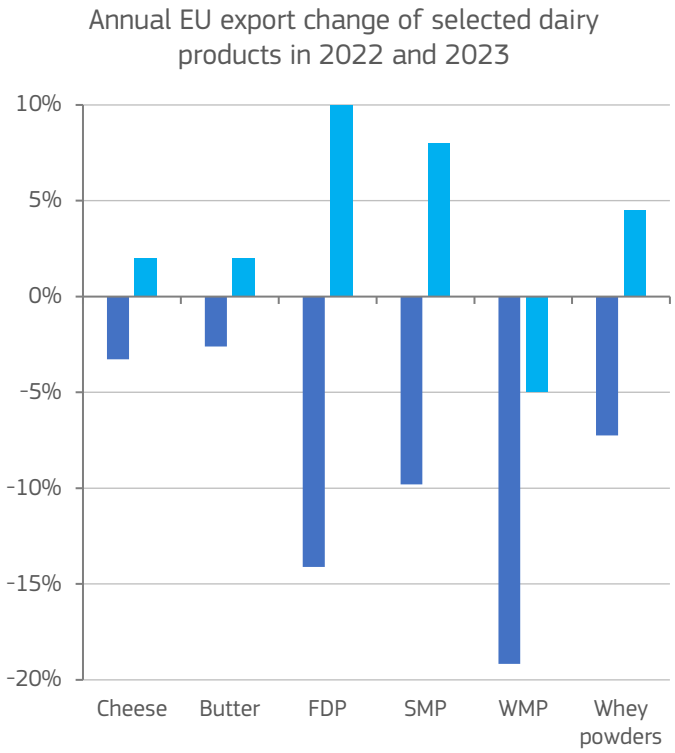
Food inflation increased at a higher rate compared to general inflation, and this impacted households negatively, especially those with higher shares of their spendings on food. Although consumers tend to maintain their food consumption in volume terms, this often happens at the expense of switching to more basic, cheaper food items. As a result, the demand for premium and branded food products decreases, with implications on prices and margins along the whole supply chain. For example, higher consumer prices for dairy products have continued to pass some price pressure along the whole supply chain, and so to some extent led to lower demand and hence lower prices paid to processors.

Meat consumption is also affected by food inflation, which triggers a demand shift from relatively more expensive beef and pigmeat towards cheaper poultry meat. This preference shift in meat demand is expected to support the forecast growth in EU poultry meat consumption (+2.5%) in 2023. Similarly, not only total consumption of fruits is expected to decline, but consumers could also choose relatively cheaper types of fruits, or opt for processed fruit products (e.g. juice from concentrates rather than freshly pressed ones). As a result, the consumption of relatively cheaper apples and oranges in the main producing countries could decrease less than the total demand for fruits. Lower EU olive oil supply and high inputs were also transmitted to higher consumer prices. This could reduce EU consumption significantly, even if the price of other oils (e.g. sunflower oil) is also high, limiting a potential substitution.

Food inflation continues to be high globally, with impacts on EU exports. For example, EU exports of olive oil are also expected to be -27% below the last season due to the combined effect of higher EU export prices and a weaker purchasing power in exports' destinations. The more olive oil is considered a premium product, the more demand is sensitive to inflationary pressures. Geographical indications and quality schemes can soften the negative inflationary effects on export markets, e.g. for EU wine exports targeting UK and US, which could benefit from their more premium positioning.

Food producers are increasingly forced by market drivers to adjust their products' range to the changing demand. For example, dairy producers can improve their margins by adjusting towards products with better demand prospects which could also add more value. For example, more milk is expected to be channelled to the cheese and whey production stream in 2023. On the other hand, food inflation limits the scope of adjusting the shift to expensive product lines. For example, as consumers likely substitute away from expensive specialized nutritional products towards more basic ones, EU domestic demand for whey is forecast to slightly decrease.

DEMAND

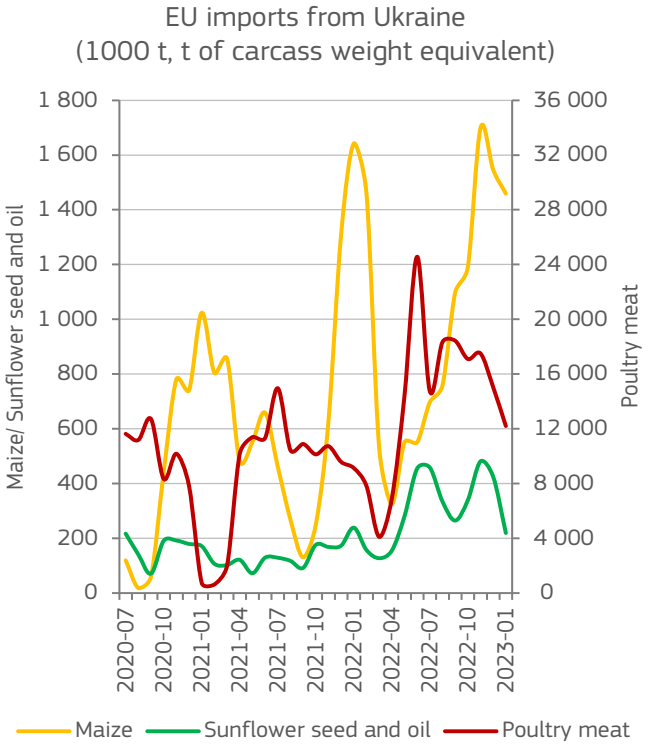


Source: DG Agriculture and Rural Development, based on Eurostat.

CHINESE IMPORT DEMAND COULD SUPPORT EU DAIRY EXPORTS…

After the zero COVID-policy has come to an end in China, the import demand for several agri-food commodities is forecast to recover from the low levels of 2022. Some EU exporters could take advantage of this market development and increase EU exports in 2023. Increasing demand in China could partially support EU cheese exports to recover (+2%), assuming also stable demand in the US and UK. A growth in EU whey exports (+5%) is also largely expected due to the recovery of Chinese demand. This, and some carry-over stocks from 2022 could also enable the EU to increase its SMP exports to the Asian market.

Besides expected consumption recovery, China is currently facing some production shortages which could be exploited by EU exporters. For example, lower than expected apple production in China, combined with higher-than-average availability of apples for processing in the EU (+10% year-on-year in 2022/23) creates an opportunity to increase EU exports of processed apples (+26% above 5-year average).



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

…WHILE CHALLENGES FOR TRADE WITH UKRAINE REMAIN

Trade of Ukrainian agricultural products have been facilitated by several initiatives. In 2022, the EU introduced Autonomous Trade Measures (ATM) to suspend import duties, quotas and trade defence measures on Ukrainian imports. The EU also set out an action plan to provide Solidarity Lanes, corridors for the transport of Ukraine's commodity exports and imports. Since July 2022, the Black Sea Grain Initiative (BSGI) of the United Nations facilitates the safe navigation for the exports of grain and related foodstuffs and fertilisers from designated Ukrainian seaports. Based on recent policy development, the ATM is expected and the BSGI is assumed to be extended throughout 2023 and remain effective in easing the logistic issues faced by Ukrainian agriculture.

Imports of cereals, oilseeds, sugar, and certain animal products from Ukraine to the EU increased substantially in 2022. The increase was particularly sharp for poultry meat and eggs, which continued to be high also in early 2023. The sharply increasing imports from Ukraine created oversupply, downward pressure on prices and saturated logistical chains in some EU regions (PL, BG, RO) while in others it helped compensate production shortages due to hot and dry weather conditions in summer.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KEY MESSAGES

265.6 million t

Usable production of EU cereals in 2022/23

+44%

EU cereals imports in 2022/23 (compared to 5-year average)

31.3 million t

EU oilseed production in 2022/23

+33%

EU sugar imports in 2022/23 (compared to 5-year average)

ARABLE CROPS

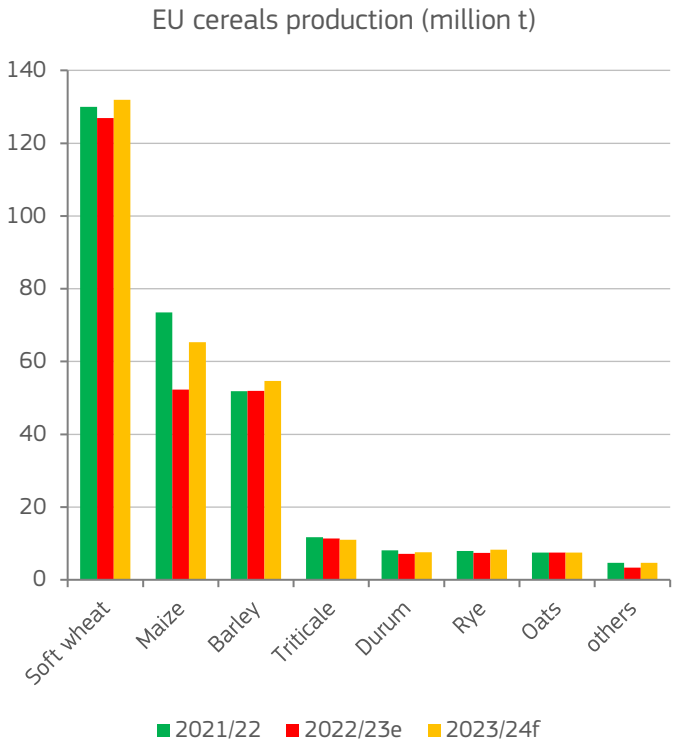
HIGHLIGHTS

The 2022/23 EU usable cereal production is projected at 265.6 million t, a 6.9% decrease compared to the 5-year average mostly due to the drought conditions that affected maize in particular (-24.3% below 5-year average). The poor harvest combined with high cereal prices at the beginning of the season and an anticipated decrease in EU meat production is expected to reduce the use of cereals for feed by 2.9% year-on-year, while food use is expected to increase slightly (+0.8% year-on-year). EU imports of cereals could increase by 44% compared to a 5-year average to 35 million t due to an increase of imports from Ukraine. Cereal exports are expected to remain strong (+4.7% above 5-year average) thanks to increased soft wheat availability. The EU oilseed production in 2022/23 is expected at 31.3 million t (+5.2% above 5-year average), helped by an excellent rapeseed harvest (+13.6% above the 5-year average) which fully outweighed the decline in the sunflower seed harvest due to the summer drought.

2022/23 EU sugar production is forecast at 15.0 million t (-8.7% below 5-year average) as both beet area and yields were reduced. Due to lower availability and higher EU prices, EU imports of sugar are expected to increase to 2.0 million t (+33.1% above 5-year average).

CEREALS

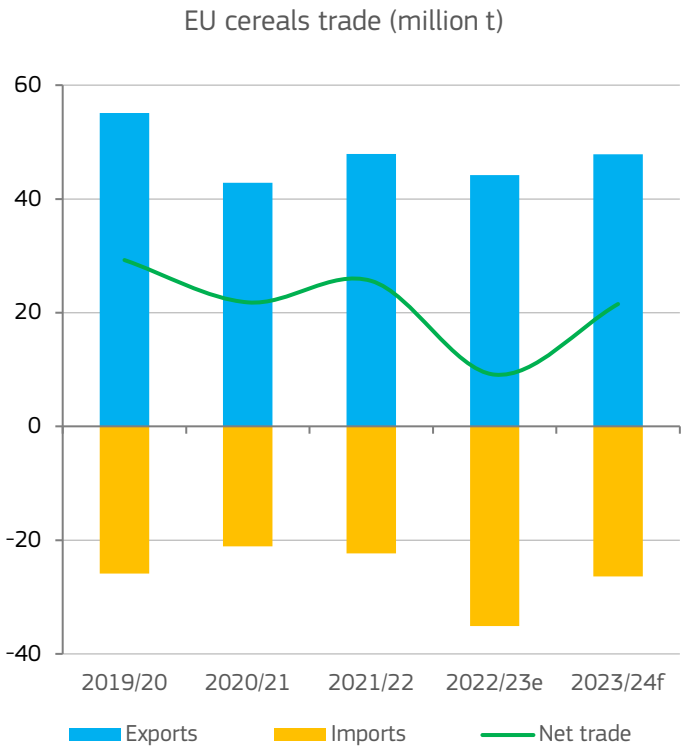
LOWER EU CEREAL PRODUCTION CONFIRMED



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

2022/23 EU cereal production was impacted negatively by hot and dry weather. Overall, it declined by 9.2% year-on-year, with yields showing a stronger decline (-7.4%) than the area (-2%). However, these developments were not proportional to all crops. Yields dropped considerably for maize (-25.7%), more moderately for soft wheat (-2.7%), and remained almost stable for barley (with a yield evolution for spring soft wheat and spring barley significantly better than for the winter ones).

EU exports of cereals are likely to be lower than last year (-7.7%, at 44.2 million t), in particular due to reduced maize exports linked to a lower availability. On the other hand, EU wheat exports could grow (+9.4%, to 32 million t), as well as exports of other small cereals. In contrast, EU cereal imports are expected to increase (+57%), driven by increasing shipments from Ukraine which created oversupply, downward pressure on prices and saturated logistical chains in some EU regions (PL, BG, RO) while in others it helped compensate production shortages due to hot and dry weather conditions in summer. Lower EU cereal use for feed is expected compared to previous marketing year (-2.9%), since the EU animal production is reduced more than previously forecast. As a result, the cereal ending stocks are expected to increase (+2.4% year-on-year).



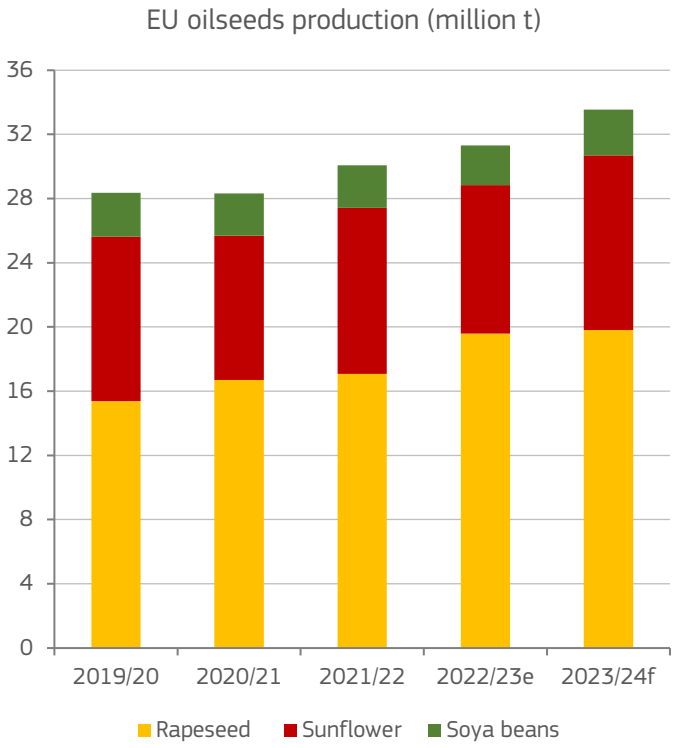
Source: DG Agriculture and Rural Development, based on Eurostat and MS notifications.

GROWING EU CEREAL EXPORTS IN 2023/24

2023/24 sowing areas for winter cereals are estimated to be higher than last year. Winter wheat is expected to remain almost unchanged (20.8 million ha), while winter barley sowing areas should increase to 5.0 million ha (+1.5%). After a 10% drop last year, rye area could recover partially (+4.6%). Durum wheat and triticale areas, however, are estimated to decrease by more than 2.5% (to 2.1 and 2.5 million ha respectively). For maize, a prolonged winter drought (and so reduced water availability for summer irrigation) in many EU producing regions and lower prices could incentivise some farmers to switch to sunflower, resulting in a projected reduction of planted maize area by 4% year-on-year (to 8.5 million ha).

Total EU cereal production in 2023/24, assuming average weather conditions this year, could reach 287.9 million t (+8.4% year-on-year). Soft wheat production is forecast at 130.9 million t, barley at 54.2 million t and maize at 65.0 million t. Lower cereal prices in 2023/24 are due to stabilise animal feed demand at a level of 156.5 million t, while food demand could grow slightly to 59.6 million t, in line with an EU population growth. With a higher production, EU cereal exports could increase by 8% (to 48 million t). At the same time, EU imports are forecast to decrease by 25% to 26 million t, also due to expected recovery in maize production.

OILSEEDS



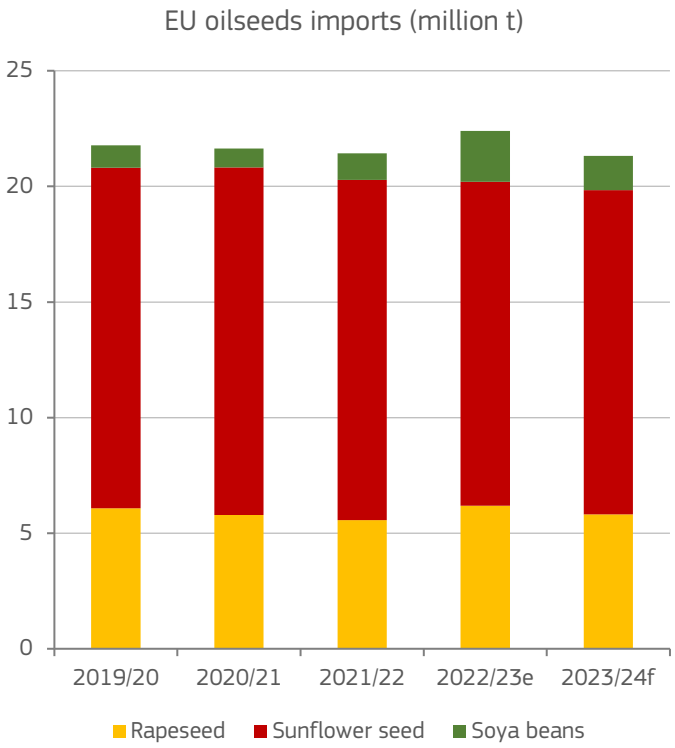
Source: DG Agriculture and Rural Development, based on Eurostat, MS notifications and JRC MARS data.

2022/23 EU OILSEED PRODUCTION UP DESPITE DROUGHT

The EU oilseed production in 2022/23 grew by 4% (to 31.4 million t, including linseed), thanks to 19.6 million t of rapeseed harvest (+14.8% year-on-year) and despite reductions due to drought for sunflower seeds (-10.8%) and soya beans (-6.8%).

EU oilseed imports are expected to increase to a record 22.4 million t in 2022/23 (+4.5% year-on-year). Notably, EU imports of sunflower seeds are expected to nearly double to 2.2 million t, as imports from Ukraine have grown due operations' disruptions of their crushing facilities and logistical constraints. Given these higher imports, EU crushing of oilseeds in 2022/23 is expected to increase by 5%, most notably for the rapeseed (+14%).

EU oilseed meals production is also forecast to reach a record level of 30.5 million t (+4.1% year-on-year), while meals imports should decline to 18.7 million t (-4.6%) due to lower imports of soybean meals (-4% to 16.0 million t). For vegetable oils, EU imports are expected to reach a new low of 6.4 million t (-25.5% year-on-year). The main reason for this is the ongoing phasing-out of palm oil from the feedstock used in biodiesel production, which is expected to reduce EU palm oil imports by 30% in 2022/23 (to 3.8 million t).



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

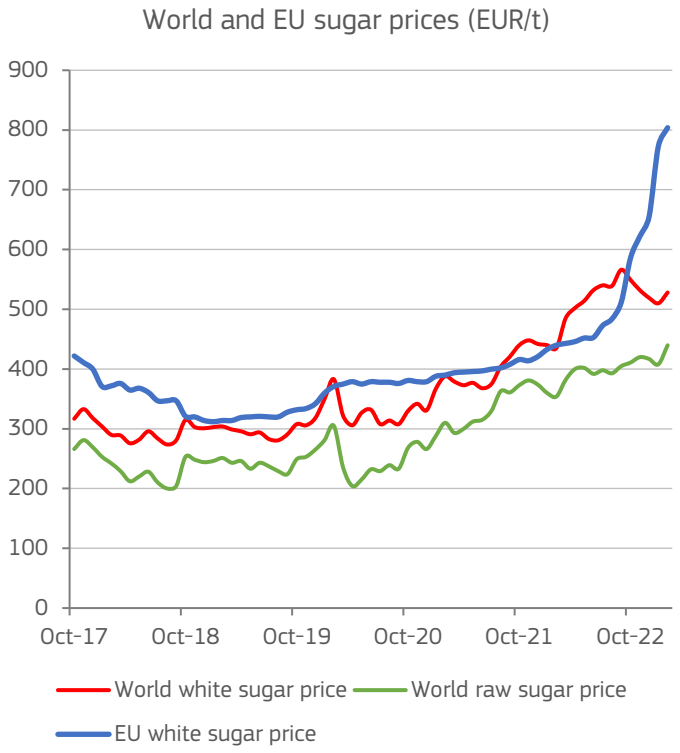
EU OILSEEDS PRODUCTION COULD REACH A NEW RECORD IN 2023/24

The EU winter rapeseed area is estimated at a 5-year high (6.0 million ha) due to attractive prices during the sowing period and favoured by mild conditions during winter. EU rapeseed production is therefore expected to increase to 19.8 million t (+1.0% year-on-year and +15% above 5-year average). Sowing area for sunflower is due to see a 10% increase above 5-year average and reach 4.8 million ha, on account of the temporary derogation from the obligation to allocate a part of the arable land to non-productive areas and features; and a possible switch from maize in drought-affected regions. Area for soya beans is also expected to increase by 6.4% above 5-year average (to 1.0 million ha). EU oilseed production in 2023/24 could increase by 7% year-on-year to reach a new record of 33.6 million t. Sunflower production, assuming average yields, and so normal weather conditions in drought-affected regions of last summer, would also reach a new record of 10.9 million t (+18% year-on year).

EU vegetable oil and oilseed meal production is also expected to hit new highs of 17.2 million t of oils and 30.9 million t of meals. As a result, EU net imports of these products are forecast to be lower than in 2022/23, and so EU self-sufficiency rates could increase.

SUGAR

EU SUGAR PRICE SPIKES AS PRODUCTION FALLS BELOW AVERAGE IN 2022/23



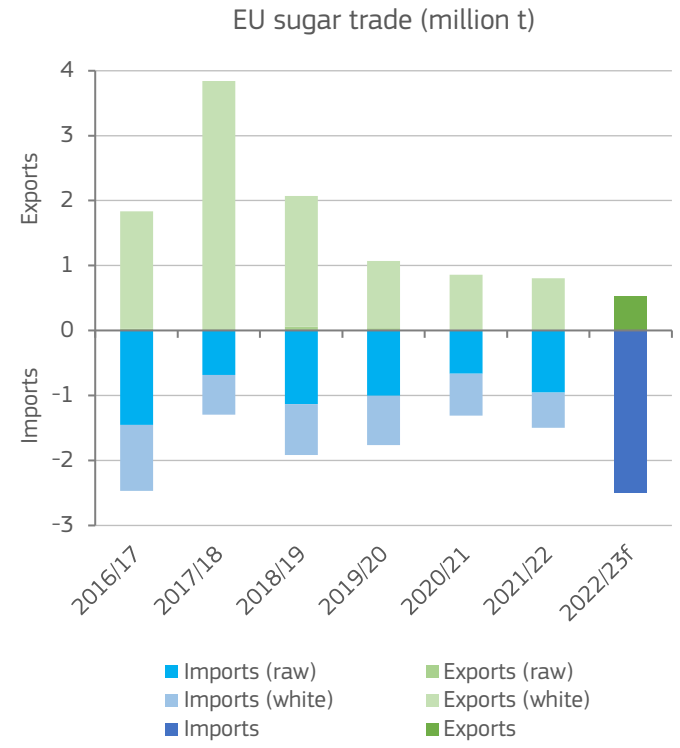
Source: DG Agriculture and Rural Development, based on MS notifications.

2022/2023 EU sugar production is estimated at 15 million t, which is below both the previous season (-10%) and the 5-year average (-9%). This decrease is due to a combination of lower sugar beet areas (-4.3% year-on-year), mainly in the EU-13 countries, and the decrease in yields due to the summer drought in various parts of the EU. The world sugar production, on the other hand, is expected to increase by 3.2% in 2022/23.

The smaller EU sugar beet harvest and increasing costs for sugar refining due to high natural gas prices have fuelled sugar price growth in autumn and winter of 2022/23. The average EU price in February 2023 reached EUR 804/t, corresponding to a 83% annual price increase, or 51% growth since September 2022. World sugar prices, on the other side, seem to have peaked in September 2022 and started to decline again based on expectations of a global market surplus.

Due to high internal prices and a decline in local production, EU imports of sugar as such are forecast to reach 2.0 million t in 2022/23 (+34% year-on-year), while EU exports are also forecast to decline 31% year-on-year, to 0.6 million t.

EU SUGAR CONSUMPTION TO DECLINE IN 2022/23



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

EU human consumption of sugar is expected to decline, as increasing prices have to negative effect on the consumer demand. Additionally, net exports of sugar in processed products are also expected to decline from a record level of 2021/22.

EU sugar use for bioethanol production in 2022/23 is expected to decrease by 0.1 million t to 0.6 million t, as other feedstock alternatives, like cereals, become more competitive. Similarly, demand for sugar in other industrial applications is expected to decline. Nevertheless, the lower demand for sugar use is expected to be less pronounced than the decline in availability. EU sugar ending stocks are therefore forecast to decrease slightly by 0.1 million to 1.4 million t in 2022/23.

The EU Court of Justice's preliminary ruling in January 2023 on the derogations to the use of neonicotinoid substances is due to impact planting decisions, and the EU sugar beet area in 2023 is forecast to drop 3% below the 5-year average to 1.455 million ha. Sugar beet yields are expected to be in line with the long-term average at 77 t/ha, resulting in a sugar beet production of around 111 million t.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KEY MESSAGES

Olive oil: -11%

EU olive oil consumption in 2022/23

Wine: +3%

EU wine production in 2022/23

Apples:

Above-average production

Oranges: -7%

EU per capita consumption of fresh oranges

SPECIALISED CROPS

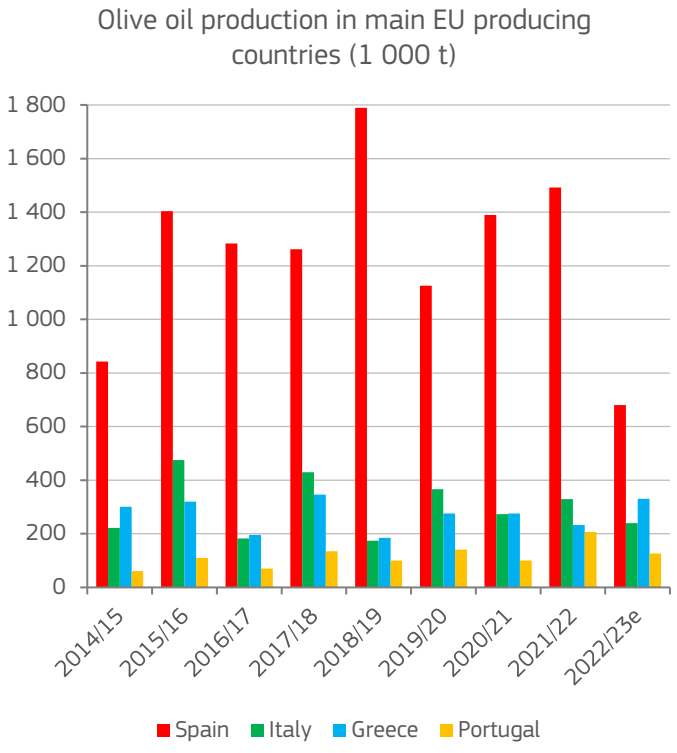
HIGHLIGHTS

2022/23 EU olive oil production is expected to be record low (1.4 million t, -39% year-on-year) mainly due to the production drop in ES as a result of an extremely hot and dry weather. Lower availability, combined with high input costs, is leading to higher producer prices, which are passed along the supply chain and leads to higher consumer and export prices. As a result, both EU consumption and exports are expected to drop (after a record level of exports recorded last year).

Contrary to olive oil production, EU wine production is increasing and could reach almost 158 million t in 2022/23, an increase mainly due to a strong recovery in FR. Following the strong consumption growth last year, it is likely to go back to a declining trend, slightly above the level during the COVID-19 initial outbreaks. EU wine exports could remain stable, at a level comparable to the one of last years.

The weather impacted negatively also EU orange production, especially in ES (-16%) and IT (-20%). A stronger reduction is expected in processed oranges. The reduced availability could lead to increasing imports. High prices are expected to have a negative impact on an apparent per capita fresh consumption (-7%), but less than for other types of fruits. Above-average apple production is expected in the EU. Due to high storage costs (especially energy), but also transportation, more apples could be directed to processing. Similar to oranges, apparent EU per capita consumption of fresh apples could decline (-6%) while increases for processed products (+4.5%).

OLIVE OIL

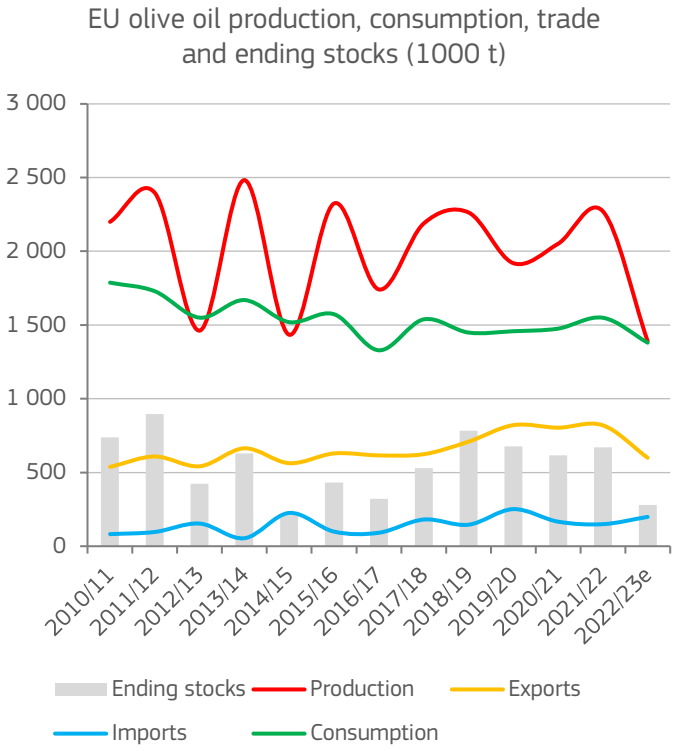


Source: DG Agriculture and Rural Development, based on MS notifications.

2022/23 EU OLIVE OIL PRODUCTION RECORD LOW

Earlier estimates of a record-low harvest due to hot and dry weather conditions were confirmed, and 2022/23 EU olive oil production could reach only 1.4 million t (-39% year-on-year). This is due to lower yields of olives (2.53 t/ha in 2021 and only 1.67 t/ha in 2022) as the oil yield remained comparable to the previous year. Among the main EU producing countries, only EL showed an increase (+42%), which was far from enough to compensate for losses in other main producing countries. In IT and PT, some decline is also attributed to a bi-annual alternation, while ES suffered the most from the lack of rainfall during flowering and consequential availability of water for irrigation.

Despite high beginning stocks in 2022/23, the olive oil availability is low. This, combined with high input costs, contributes to historically high producer prices for all categories of olive oil. In ES, average price of extra virgin olive oil is 85% above the last 5-year average at the end of February (more than EUR 520/100 kg), and 90% in the category of lampante olive oil (EUR 470/100 kg). Along supply chains, these increases lead to an increase of a unit export value as well as of EU consumer prices. In January, the index of consumer prices for olive oil was at 126.3 points (index year 2015) and recorded a further 12 points increase since the beginning of the new campaign in October.



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

INCREASING PRICES WEAKEN EU AND GLOBAL DEMAND

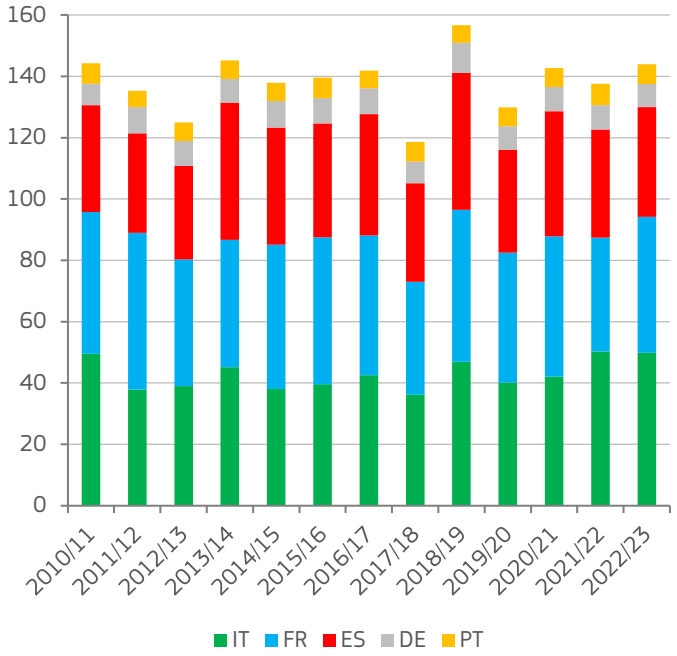
Increasing EU consumer prices are likely to negatively impact EU consumption in 2022/23. In the main EU producing countries, usually more sensitive to price moves, the drop could be of around 11%. Besides reduced retail purchases, it is expected that some volumes could also be reduced in food processing, and some substitution with other oils could also take place, even if more limited as their prices remain also high (e.g. sunflower oil). In the rest of the EU, and given a more premium positioning of the product, the consumption could drop by 10% (relative to stable levels observed last years).

EU exports could also be reduced, taking into account increased exports last year, and a weaker purchasing power in some destinations. Therefore, they are likely to reach 600 000 t (27% below last year which was very close to the record year of 2019/20). Lower EU availability could also lead to increasing imports, mainly sourced from Tunisia, but also Türkiye and other origins that showed a production increase. Therefore, they could reach 200 000 t. Combined with other EU market developments, ending stocks could reach close to 280 000 t, assumed to be an average level of ending stocks.

WINE

EU CONSUMPTION OF WINE COULD GO BACK TO ITS LONG-TERM DECLINING TREND

EU wine production of main producing countries (million hl)



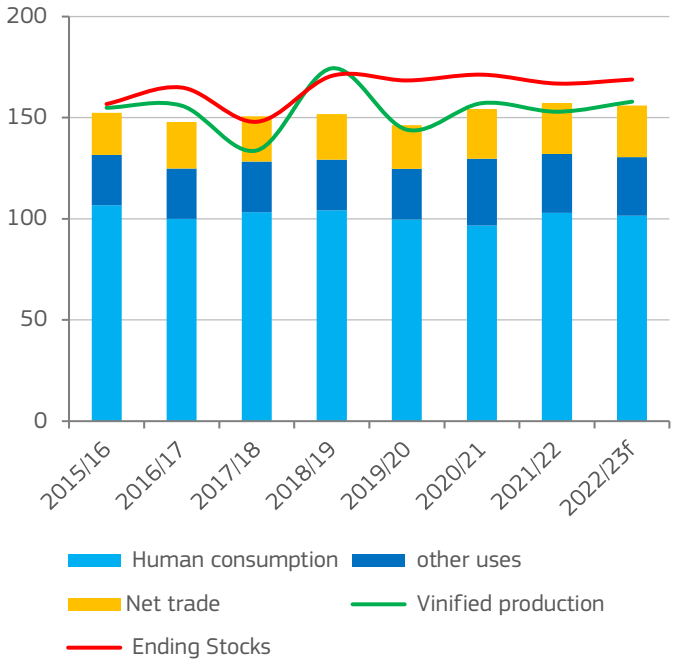
Source: DG Agriculture and Rural Development, based on Eurostat and MS notifications.

Based on the latest MS notifications, 2022/23 EU wine production is likely to be close to original estimates. It could reach almost 158 million hl (+3.3% year-on-year). This is mainly due to a production recovery in FR (around +19% year-on-year). Among the other main producing countries, ES showed an increase (+1.3%) while the production in IT declined by almost 1% compared to the last marketing year. At the same time, the wine production dropped in PT by 8%.

As a result of post-COVID recovery of consumption habits, and partially due to changes in EU population numbers in 2021/22, EU consumption of wine increased in 2021/22. There are some market signals that this is likely to be reverted in 2022/23. As a result, it could return to a declining trend and it could reach 22.5 l per capita (above the consumption level during 2020/21, impacted strongly by initial COVID-19 outbreaks, but 1.3% below a 5-year average). This is particularly the case for red wines.

Despite an expected increase in production, vinified production destined to 'other uses' (e.g. distillation, vinegar and brandies) is likely to remain at a comparable level of last campaign (around 29 million hl).

EU wine production, consumption, net trade and ending stocks (million l)



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

SUSTAINED EU WINE EXPORTS IN 2022/23

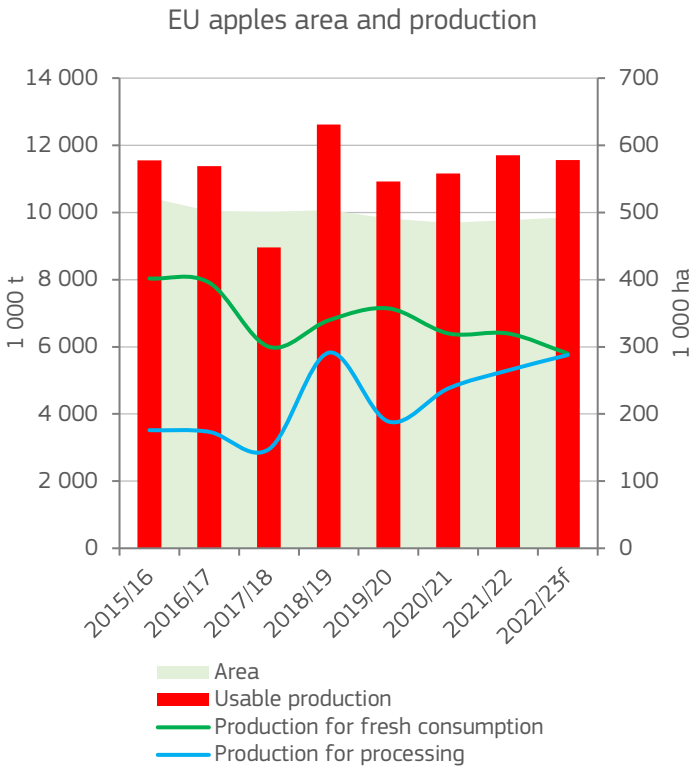
While EU wine exports in volume remained stable in 2021/22, their value increased by more than 12%. Considering different categories of wine, the stability of volume was due to increasing volumes of PDO, other wines and varietal wines which compensated for the reduced exports of PGI wines. The UK and the US remained the main EU export destinations, with a higher share of value traded taken by the US while the UK imported larger volumes. These markets allow EU producers to export their most expensive wines which are benefitting there from a better positioning than they would have got in the EU market.

In 2022/23, EU wine exports, driven by quality wines, could remain at a comparable level as in the last marketing year (around 32 million hl, 3% above the 5-year average). This could be supported by a sustained demand in main EU export destinations.

Taking into account an increase of EU vinified production, EU wine imports could drop by around 4% to 6.6 million hl (14% below 5-year average) and continue a long-term declining trend. As an overall result, ending stocks of 2022/23 are expected to continue to be at high levels (around 170 million t). However, they would remain below the record level of the first year of COVID-19 outbreaks (2020/21).

APPLES

HIGH STORAGE COSTS DIRECT MORE APPLES INTO PROCESSING

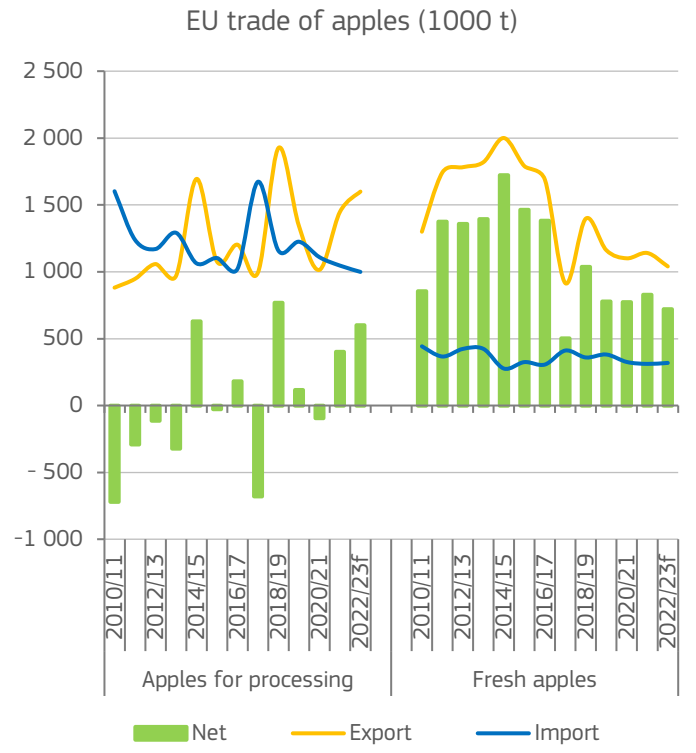


Source: DG Agriculture and Rural Development, based on Eurostat.

The EU production of apples is expected to be around 12.2 million t in 2022/23 (a volume similar to the last marketing year, 2.6% above 5-year average). A record high harvest in PL (4.2 million t, +5% year-on-year) and high crops in IT (+7%) compensated for the lower than usual harvesting in FR (-10%). Lower production was also observed in other EU countries mainly HU, RO, ES, and PT.

Almost half of the production is expected to be channelled to processing rather than to be stored. This is a result of a higher availability of lower-quality apples not suitable for fresh consumption, their low prices, lower export opportunities and high energy (storage) costs. In addition, problems with the availability of seasonal workers in some EU countries delayed harvests, which had an implication on the fruit quality.

In total, around 5.8 million t of apples are expected to be sold in the EU for fresh consumption (-9% year-on-year) and 5.7 million t for processing (+8% year-on-year).



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

EU EXPORTS OF PROCESSED APPLES INCREASING

Higher than expected EU availability of apples for processing in 2022/23 (+8% year-on-year) and lower than expected production in China could help to increase EU exports of processed apples (+26% above 5-year average) and weigh negatively on imports of those products (-4% year-on-year). EU exports of fresh apples could continue to decline in 2022/23 (-9% year-on-year), driven by a lower availability for fresh consumption, especially in the second half of the season due to high storage costs and more apples to be sent for processing. This could also be combined with a limited access to markets of third countries. As a result, a slight increase in EU imports of fresh apples is expected in 2022/23 (+2% year-on-year), while ending stocks could drop by 23%.

The apparent EU per capita consumption of fresh apples is expected to go down in 2022/23 (to 11.5 kg, -6% year-on-year). Persistent inflation, implying a purchasing power decrease, outweighs relatively low prices in real terms, which cannot keep up with the increase in production costs. However, similar to oranges, this drop is to be smaller than in other (more tropical) types of fruit. On the other hand, higher availability of apples for processing is expected to lead to a record high EU apparent consumption of processed apples (to 11.5 kg per capita, +5% year-on-year).

ORANGES

10-YEAR LOW EU PRODUCTION OF ORANGES

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

As a result of dry and hot weather conditions in the main EU producing countries (especially in ES and IT), 2022/23 EU orange production is expected to decline by 13% to around 5.7 million t. A comparably low production was last time recorded in 2012/13. In case of ES (more than 50% of EU production), the drop of 16% is attributed to lower yields while the area remained relatively stable. In IT, the area decline was combined with lower yields, and so the production was 20% below last year. In the EU, the area decline was slightly lower (-5%) than the yield change (-8%).

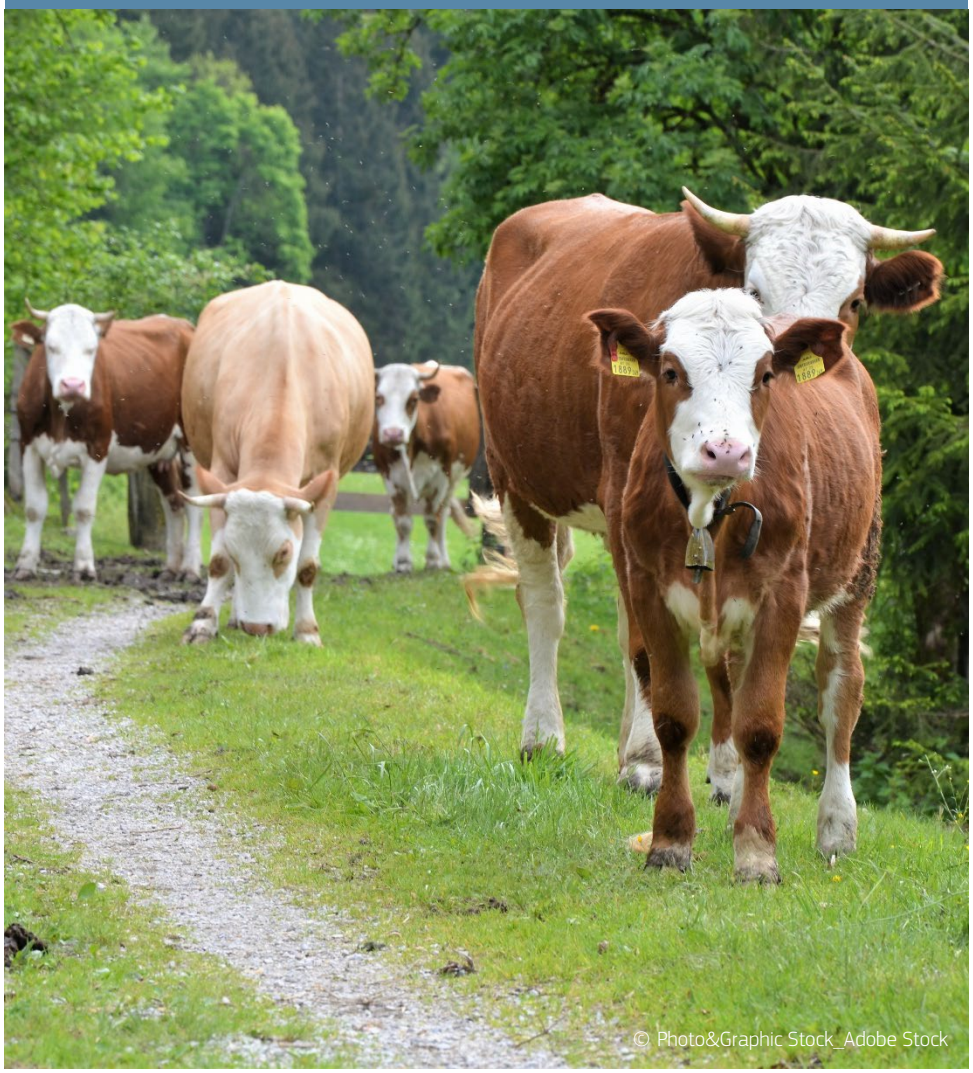
Besides lower yields of oranges, the quality of the fruit is also reported to be lower. Usually, lower-quality oranges are destined for processing, while, due to the lower supply, some of these are likely to end up in fresh consumption as well. Overall, it is expected that the drop in the production would have a stronger impact in processing than in fresh consumption (-32% and -9% respectively). While the supply for processing could be historically low, the production for fresh consumption could remain low, but at comparable levels observed in past years. As a result of the low production, producer prices increased (except PT), but they might not be high enough to compensate the rising cost of inputs, mainly energy and fertilisers.

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

EU FRESH PER CAPITA CONSUMPTION DOWN

Because of a lower EU availability, EU imports of fresh oranges are likely to increase (+14%), given a good production in Egypt and South Africa. On the contrary, EU exports of fresh oranges could be lower (-6%). As a result, increasing net imports could prevent EU consumption of fresh oranges from a stronger decline, which could have been expected considering the lower production and high prices. Concerning the latter, this could impact negatively per capita consumption (-7%), but less than for other (especially more expensive) types of fruit such as berries and cherries.

In case of processed oranges, EU imports could also increase (+6%) and substitute for lower domestic supply. This growth could be attributed to larger imports of a concentrated orange juice from Brazil. At the same time, EU exports could decline by an additional 24% (as already recorded last year) and reach the historically lowest level (650 000 t), but relative to the historically lowest production of oranges. As a result, an apparent EU per capita consumption of processed oranges could remain stable compared to a declining trend observed in the past. This could also be attributed to a decreasing purchasing power, when consumers are choosing less expensive processed products (e.g. packaged juices over freshly squeezed ones).



KEY MESSAGES

-0.2%

EU milk collection in 2023

Stable

EU dairy consumption in 2023

+2%

EU cheese exports in 2023

-0.7%

EU FDP consumption in 2023

MILK AND DAIRY PRODUCTS

HIGHLIGHTS

Despite expectations of a lower output, 2022 EU milk production remained rather stable. However, lower fat and protein milk contents reduced availability for the processing. EU dairy exports declined in volume (but were record high in value terms), as a result of high EU prices, limited supply and lower Chinese's imports. On the other hand, domestic dairy use slightly increased despite increasing food inflation.

In 2023, cow slaughtering is likely to increase, responding to declining raw milk prices, which could also be partly compensated by increasing milk yields (assuming normal weather conditions). Despite a slight decrease in EU milk deliveries (-0.2%), processing availability might still be kept stable thanks to higher milk fat and protein contents. The cheese and whey processing stream is expected to be favoured by the industry, due to EU export potential and relatively stable domestic cheese consumption. Butter and SMP production could decline due to the larger than usual stocks (taken over from 2022), which could partially cover the increase in exports and domestic use.

Overall, EU consumption is expected to face some consumer preference shift to lower quality products, rather impacting the value and not the total volume. Recovering import demand in China would be an important factor for EU export growth.

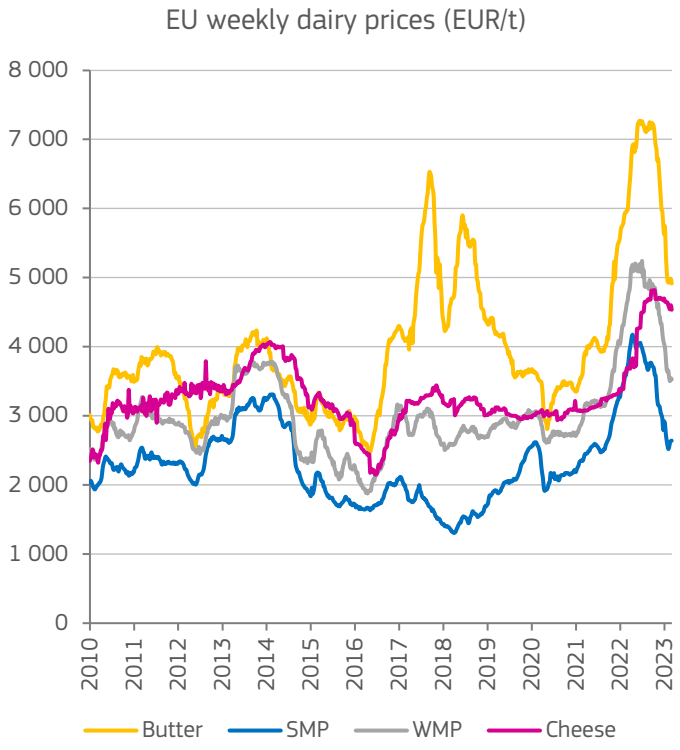
MILK

EU DAIRY PRICES PASSING THE PEAK

Despite initial expectations of declining EU milk deliveries in 2022, they remained relatively stable (following a notable 1.4% growth in Q4). High raw milk prices might have been an incentive for this, offsetting increasing input costs. EU average raw milk prices decreased in January 2023 after 24-month of uninterrupted growth, reaching EUR 55/100 kg in February.

Between September and March, EU butter prices dropped the most (-32%), followed closely by milk powders (SMP -30%, WMP -29%, whey powders -24%). The decline was less for cheddar (-3%). Compared to the 5-year average of the same week in March, only whey prices are higher.

Developments of butter and SMP prices allow for a calculation of an 'EU milk equivalent price' which, with a time lag of 2-3 months, anticipates trends for raw milk prices. The increasing seasonal availability due to the spring production peak in the EU, and existing stocks carried over from last year, are likely to keep dairy prices in a downward trend. The extent of such decline will, however, depend on the development of demand, with export growth halted by existing stocks in China in 2022; some postponed orders as buyers were expecting further price drops; and rising food inflation in the EU and worldwide.

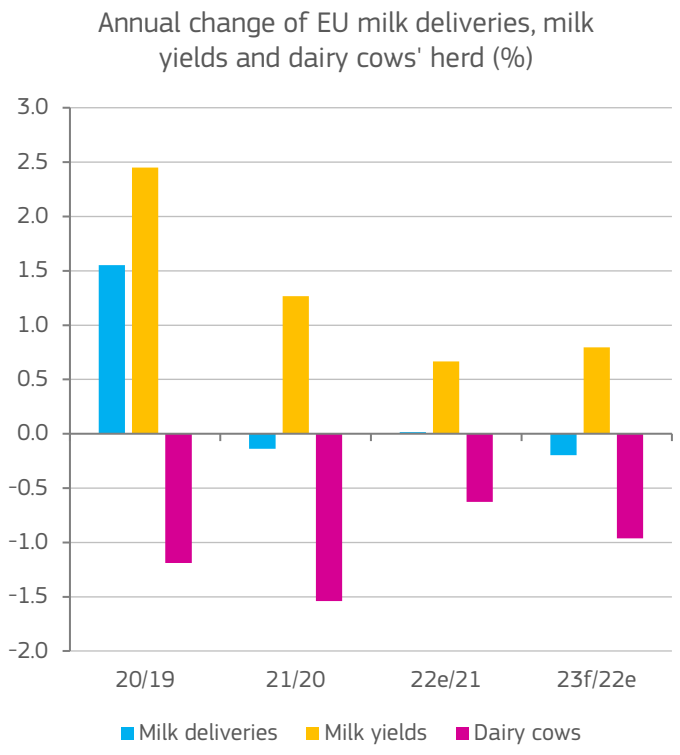


Source: DG Agriculture and Rural Development, based on MS notifications.

2023 EU MILK DELIVERIES TO BE REDUCED

While EU milk deliveries remained stable in 2022, the milk fat and milk protein contents were lower (-0.4% and -0.3% respectively). As a result, the availability of milk solids for processing was reduced. It was notably hot and dry weather which impacted negatively quality and availability of grass and feed crops, as well as imposed a stress on dairy cows. Milk yields grew also less compared to past annual rates (only 0.7% in 2022). Positive returns due to high raw milk prices have likely prevented farmers to reduce their herds, and so EU dairy herd dropped by 0.6%, less than expected.

In 2023, a declining EU raw milk price is likely to lead to increasing slaughterings as feed and other input costs could remain high (despite costs are expected to be over the peak reached last year). Overall, EU dairy herd could shrink by 1%. To some extent, this could also be incentivised by higher beef prices. Decline in the dairy herd could be compensated by increasing yields (0.8%), assuming normal weather conditions, and so removing the negative impact of hot and dry weather. This assumption could also impact milk fat and protein content positively which could be 0.2% above the levels of last year. In the light of all these factors, overall EU milk production could decline (-0.2%), in particular in the second half of the year but increasing milk fat and protein could keep availability of milk for processing stable.



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

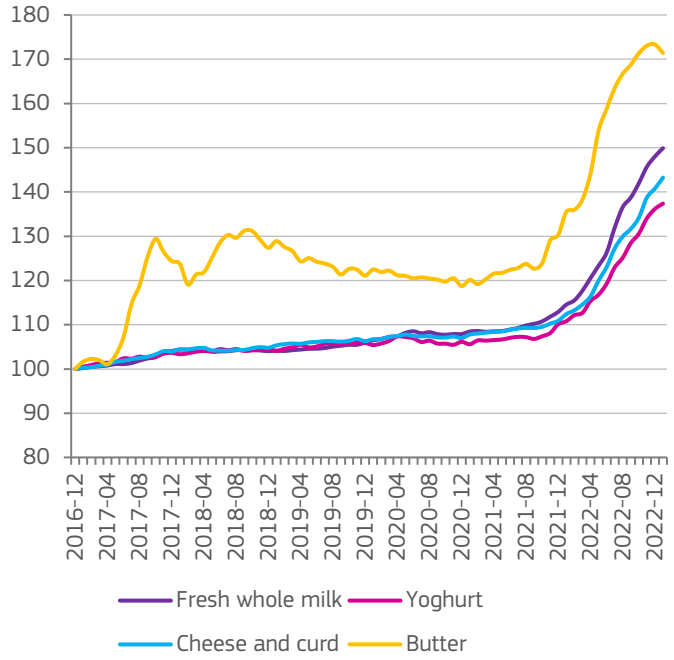
DAIRY PRODUCTS

ASIA TO SUPPORT GLOBAL DAIRY DEMAND

Globally, the dairy demand remained strong in 2022 (except for China) despite initial fears of drops linked to increasing global inflation and import prices, which were (beyond input costs) also impacted by still high freight costs and a strength of the US dollar. However, some regional differentiation was observed, with South-East Asia and MENA countries (especially Algeria) showing growth while some other developing countries (especially in Africa) were struggling. In particular, the strong US dollar made imports of African countries more expensive. This could make them vulnerable also in 2023, while other demand could remain positive, especially on Asian markets with a lower inflation. Concerning China, it is assumed that stocks piled up in last years are at normal levels now. Combined with a removal of Zero-COVID policy, and assuming a return of consumers' confidence and certain strength of their purchasing power, China could re-start its import activity in 2023.

Consumer prices for dairy products continue increasing in the EU and only butter price has reached its peak so far. Consumers are reportedly looking for cheaper options rather than reducing consumption. Premium and branded products are suffering the most. The pressure from retailers (especially discounters) for lower prices is likely to add to price pressure along the whole chain.

EU consumer price index of selected dairy products (2015=100)



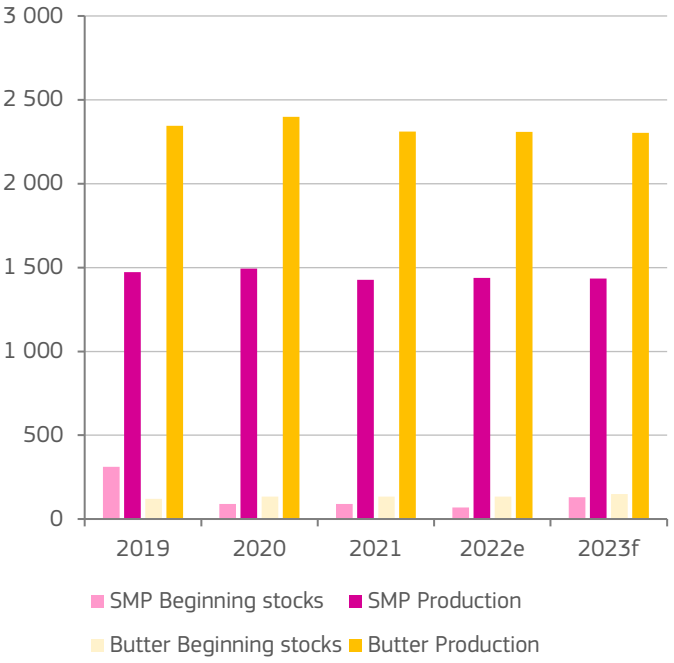
Source: DG Agriculture and Rural Development, based on Eurostat.

EXPECTED RECOVERY OF EU SMP EXPORTS IN 2023

The stable 2022 EU milk collection, and especially its increase in Q4, resulted in a higher butter and SMP production than anticipated. These additional volumes could not be fully absorbed by demand. Although demand increased by smaller drop in SMP exports, and by and larger increase in domestic butter use, both butter and SMP stocks grew in 2022.

In 2023, despite stable milk fat and protein availability, butter and SMP production streams are not expected to increase. A decrease of -0.2% in supply is expected for both products, and it is assumed that growing demand will partly be covered from stocks. In case of SMP, EU exports are likely to recover (+8%), especially to destinations in South-East Asia where EU market shares had previously been taken over by other competitors due to their competitive prices and geographical proximity (e.g. New Zealand, which increased SMP availability as its milk was re-channelled from WMP to SMP and butter). EU domestic SMP use could also grow, likely to be pushed by a demand for fat-filled powders as well, especially in more price-sensitive markets. Concerning butter, demand recovery in China, and stable UK and US demand could support EU exports growth (2%). Domestic use could remain overall stable (0.1%), especially if prices continue their downward trend.

EU SMP and butter production and beginning stocks (1 000 t)



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

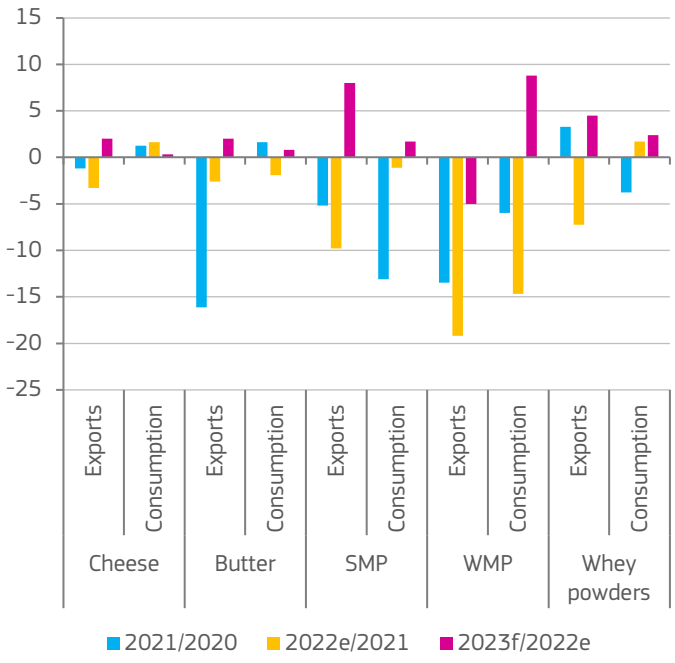
DAIRY PRODUCTS

MORE MILK CHANNELLED INTO CHEESE AND WHEY

In 2022, EU cheese production dropped (-0.5%). Globally, the demand for cheese remained stable, even increased in the UK (the global largest importer, +2% until November), Saudi Arabia (+10%) and the US (+1%). On the other hand, there was a lower demand from China (top 6 world importer, -17%). These developments underpinned the declining trend observed in EU shipments (-3%). In domestic market, some downgrading of consumer choices for cheaper types of cheese took place, which supported a relative stability of the EU use, partially covered by existing stocks.

In 2023, more milk could be channelled to cheese and whey production, which is likely to offer a better valorisation than other streams. It could grow by 0.7%, contributing to EU exports recovery (+2%), assuming some stability of shipments to the US and UK, while demand from China could increase. EU consumption could change comparably to the previous year (+0.2%). EU whey production will also benefit. While in 2022 EU exports dropped (-7.3%), mainly due to weaker Chinese demand, they could recover in 2023, supporting growth of EU shipments (5%). Contrary to EU exports, domestic use grew in 2022 (+2.4%), of which a great share is normally directed to feed. Given the drop in dairy herd in 2023, and assuming that individual purchases could turn towards more basic products and so less to be spent on specialized nutrition, EU whey use could be reduced (-0.5%).

Annual change of EU exports and consumption of selected dairy products (%)



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

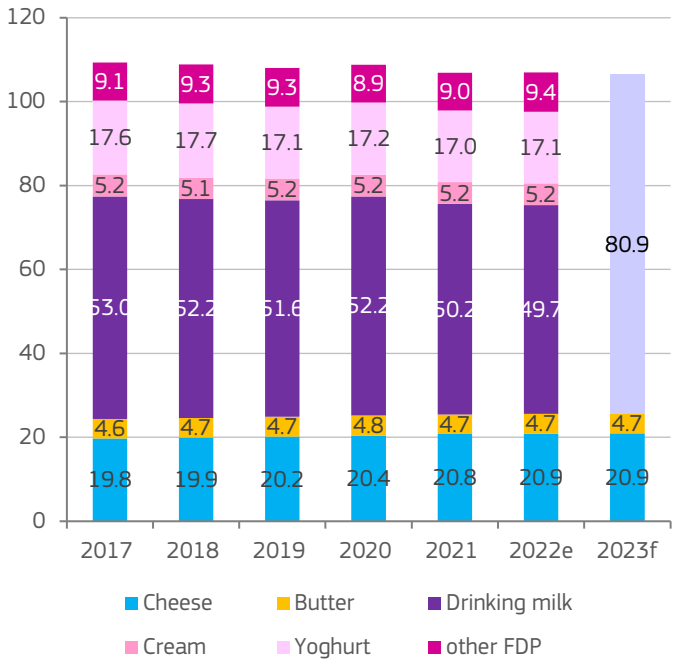
FDP CONSUMPTION BACK TO DOWNWARD TREND

In 2022, EU production of FDP continued its declining trend, in particular driven by drinking milk and yoghurts, while production of cream increased. At the same time, EU exports dropped by 14% compared to a record level of last year, in particular due to drop in yoghurt exports (-32%) and drinking milk (-13%). The EU consumption of FDP remained overall stable, partly explained by a positive EU population change recorded last year and slowdown of exports.

In 2023, around one-third of EU milk is still expected to be channelled to FDPs. However, their overall production could maintain its downward trajectory (-0.5%), despite an expected recovery in EU shipments (+10%) due to an increase of foodservice demand for drinking milk and cream in China. The EU consumption is likely to be lower (-0.7%), and so back to its declining trend.

Among other dairy products, EU WMP production remains on a declining trend (-4.5%), with exports contracting less than in previous year (-5% compared to –19% in 2022). Domestic use will remain the main outlet for EU WMP (64%). As it is mainly directed to confectionery and given its positioning in consumer baskets as more premium or pleasure products, some reduction of domestic use is expected (-4%), following the recovery of last year (+9%).

EU per capita consumption of selected dairy products (kg)



Note: Purple bar in 2023 corresponds to total consumption of FDP.
Source: DG Agriculture and Rural Development, based on Eurostat.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KEY MESSAGES

-1.6%

EU beef production in 2023

-3%

EU pigmeat exports in 2023

+17%

value of EU poultry exports in 2022

+8%

EU sheep imports in 2023

MEAT PRODUCTS

HIGHLIGHTS

EU beef production is expected to decrease further in 2023 by 1.6%, mainly due to a structural adjustment in the beef and dairy sector, despite high beef prices. The current price environment could attract more imports from the UK and South America (+5%), while EU exports are due to remain stable as global supply is also low and demand rather firm.

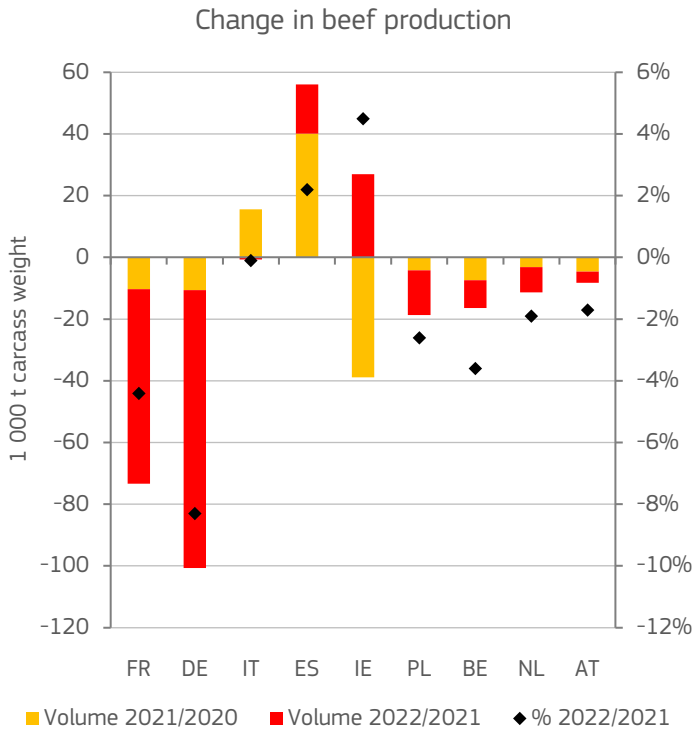
A smaller breeding herd as well as African Swine Fever (ASF) push EU pigmeat production further down in 2023, by 5%, despite lowering feed prices. Further decline in exports to China will contribute to a 3% reduction of EU exports in 2023.

As production costs are coming down from very high levels, EU poultry production could benefit from a modest recovery of 1.1% in 2023, despite the occurrence of Highly Pathogenic Avian Influenza (HPAI). In addition, high EU poultry prices make EU exports more difficult. The suspension of duties on products coming from Ukraine favours poultry imports and increases domestic availability.

The historically low EU sheep and goat flock push slaughterings down by 1% in 2023, despite high domestic prices. More imports from New Zealand are expected, due to favourable lambing conditions and high EU prices.

BEEF AND VEAL

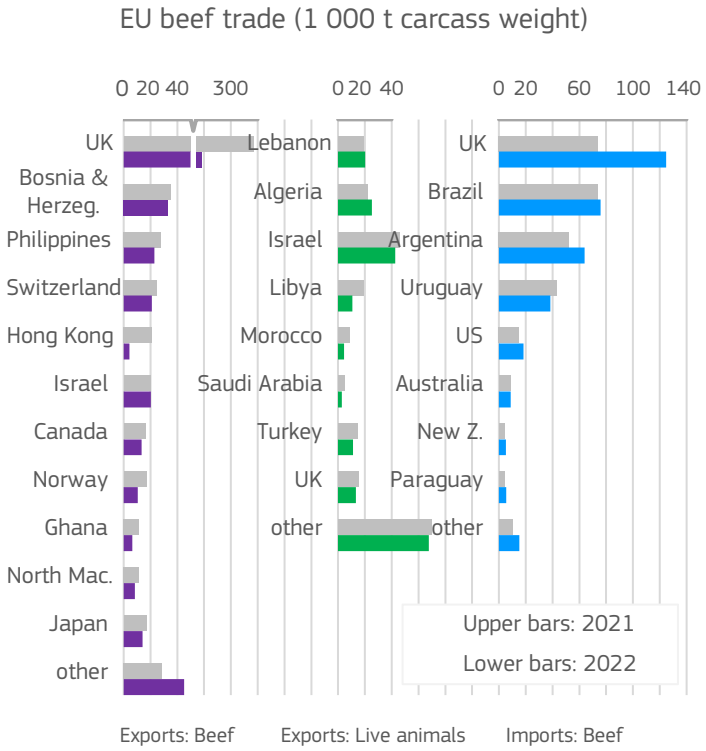
EU BEEF PRODUCTION CONTINUES DECLINING



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

EU beef production decreased in 2022 by 2.6%, more than previously estimated (-0.6%). Among the largest producing countries, DE declined the most (-8%), followed by FR (-4.4%) and PL (-2.6%). On the other hand, ES continued increasing its production (+2%), and increases were also recorded in IE (+4.5%) while IT production remained relatively stable. In December 2022 livestock survey, the number of suckler cows in the EU declined for the third year in a row, by additional 240 000 heads (-2.3%). At the same time, the decline of dairy cows was lower than expected (-0.6%) which prevented even further production drop. The number of male bovine cattle for slaughtering between 1 and 2 years also decreased (-2.2%) and this will have implications for beef availability this year. On the other hand, it is expected that the slaughtering of dairy cows might accelerate this year and be stronger, as some dairy farmers will react to declining raw milk prices while beef prices could stay high.

As a result, EU beef production in 2023 is expected to decrease further by 1.6%. Given some possible price relaxation of feed costs, and assuming improved grass quality compared to last year, average carcass weights might increase, but this would not counterbalance the decreasing numbers of animals.



Source: DG Agriculture and Rural Development, based Eurostat.

EU BEEF EXPORTS TO SLIGHTLY INCREASE

As the beef supply in the EU is lower, prices may stay high, and this could potentially have a negative impact on the EU consumption and competitiveness of the EU exports. However, the supply remains lower also globally, while the demand is high, which could help shipments from the EU to remain stable in 2023 despite higher prices.

On the other hand, the current price environment could attract more imports into the EU. They could further grow by 5%, and so add to a 25% increase observed last year, in particular from the UK, but also from South America; such increase would re-balance the temporary drop due to the impacts from Brexit and COVID-19. This is expected even though Asian markets (especially China) could be a more attractive destination for Americas while the UK flows could get to comparable pre-COVID levels. At the same time, EU live exports could decline, but at a lower rate than last years (-2%).

The apparent EU per capita beef consumption is expected to follow a long-term declining trend and could stay slightly below 10 kg in 2023 (-1.7%). Compared to other types of meats, beef is also more expensive, and so consumers will likely be looking for cheaper animal proteins in a context of high food inflation.

PIGMEAT

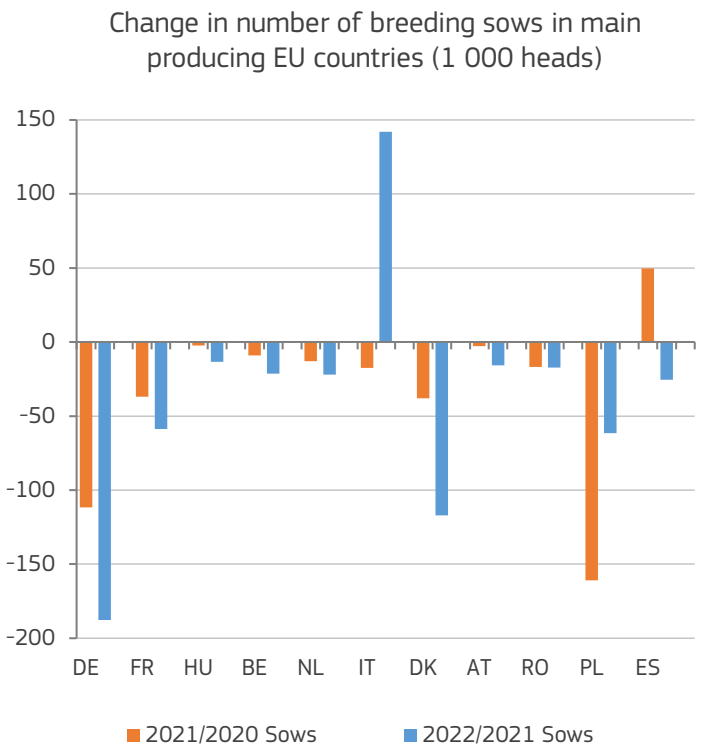
LOW NUMBER OF BREEDING SOWS AND AFRICAN SWINE FEVER TO PUSH PRODUCTION DOWN

EU pigmeat production decreased in the majority of MS and on average by 5.6% in 2022. Important producers such as DE, PL, DK, ES, BE and IT recorded high decreases.

According to the December 2022 livestock survey, the number of breeding sows decreased by half a million heads in 2022 (-4.6%), following a decline of 370 000 heads in 2021 (-3.6%). The current stock of fattening pigs is also very low in all categories.

In 2023, the situation of ASF is assumed not to change dramatically and this will continue to trigger strong responses in affected countries and among trade partners.

As feed prices are slowly going down, the main pressure on margins is expected to cool down. This might result as well in slightly higher carcass weights. Overall, EU pigmeat production is expected to decrease further by another 5% in 2023.



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

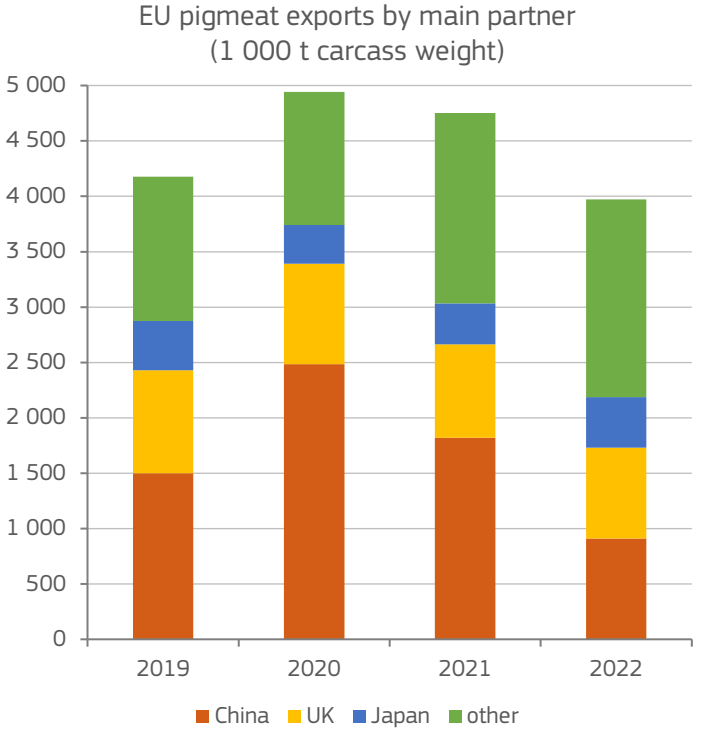
HIGH PRICES HAMPER EXPORT POTENTIAL

Due to tight supply, EU pigmeat prices continue evolving at record levels. This makes EU pigmeat exports relatively less competitive than other exporters in the global market.

EU pigmeat exports declined by more than 16% in 2022, mainly coming from a 50% reduction of exports to China, which is not expected to be reverted in 2023. This was compensated partly by diverting exports to other destinations like Japan (+23%), the Philippines (+21%), South Korea (+12%) and Australia (+19%). Overall, EU pigmeat exports may decrease further by 3% in 2023.

EU pigmeat imports from the UK increased by almost 28% in 2022, representing a bit less than 85% of the total EU imports. As production in the UK is expected to decline, there is little potential to increase imports from that side. Therefore, EU pigmeat imports are expected to increase by only 2% in 2023.

Due to the limited supply, EU domestic use decreased by 2.8% in 2022, averaging at 31.8 kg per capita. This would further go down in 2023 by 5.9% and reach its lowest point (around 30 kg per capita on average).



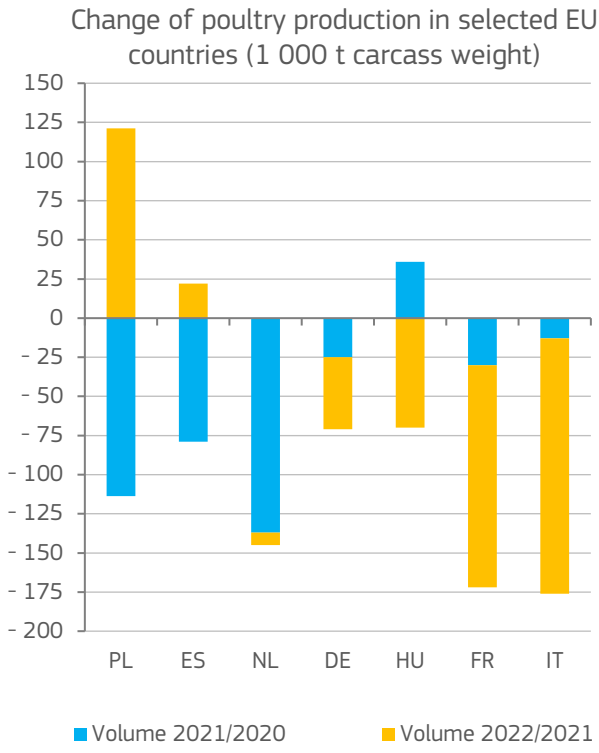
Source: DG Agriculture and Rural Development, based Eurostat.

POULTRY

EU PRODUCTION COULD RECOVER IN 2023

In 2022, EU poultry production decreased again, although less than the year before (-1.7%). In particular, this was driven by declines in major producing countries such as FR (-12%), IT (-9%), and DE (-3%). On the other hand, PL increased its production by 6%. Given the developments in 2022, occurrence of Highly Pathogenic Avian Influenza (HPAI) is assumed to remain a threat over the whole year rather than being seasonal. On the other hand, its direct impact on poultry meat production is limited as the production could recover quickly. However, the damage for EU exports caused by an introduction of related import bans by third countries is of a stronger magnitude.

Driven by the tight supply and good demand, EU broiler prices continued increasing and have been reaching exceptionally high levels since April 2022. This partly helped to transfer high feed and energy costs down the chain. Since 2023, producer prices tend to be more stable. As feed and energy costs are coming down from very high levels observed last year, some production recovery could take place in 2023. Therefore, EU poultry production is likely to grow by around 1.1%. Demand for poultry benefits from general inflation as consumers replace more expensive meats (beef, pigmeat) by cheaper poultry meat. This could support EU poultry consumption growth in 2023 (+2.5%).



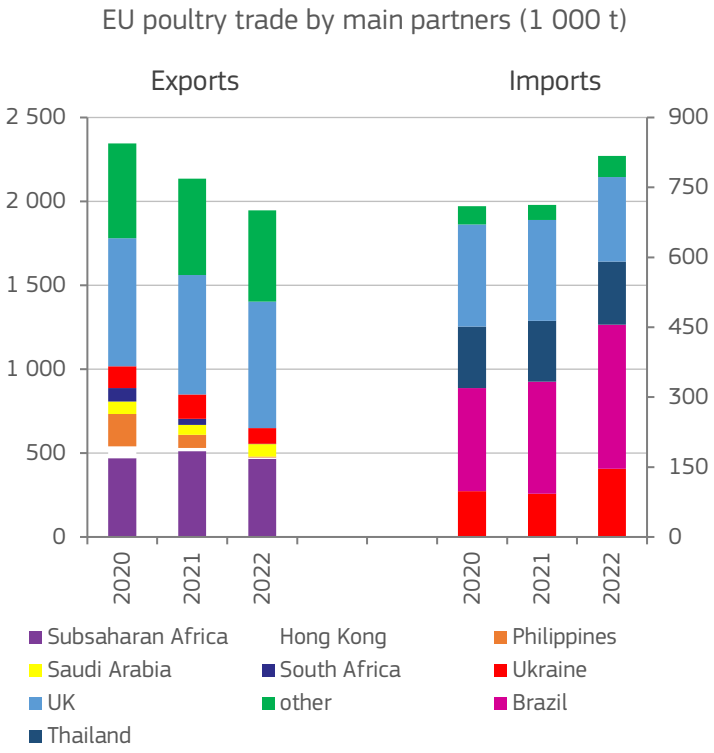
Source: DG Agriculture and Rural Development, based on Eurostat.

LOWER COMPETITIVENESS OF EU EXPORTS CONTINUES

In 2022, EU imports grew by around 15% (+105 000 t), mainly due to an increase of shipments from Ukraine. The remaining increase was attributable to increased imports from Brazil. In general, Brazil is more competitive for feed and energy, and so it continues trading poultry meat at a cheaper price. Overall, EU imports are expected to increase by another 7% in 2023 to meet the additional demand growth in the EU.

Due to the lower EU competitiveness, the HPAI outbreaks which led either to country-wide bans or their regionalisation, and Russia's unprovoked invasion of Ukraine, EU exports declined by around 9% in volume in 2022. On the other hand, given globally high prices, they grew by 17% in value terms.

In 2023, despite an observed downward trend in EU prices, it is likely that some other markets (especially Brazil) might remain more competitive, and so EU exports could drop further (-5%).



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

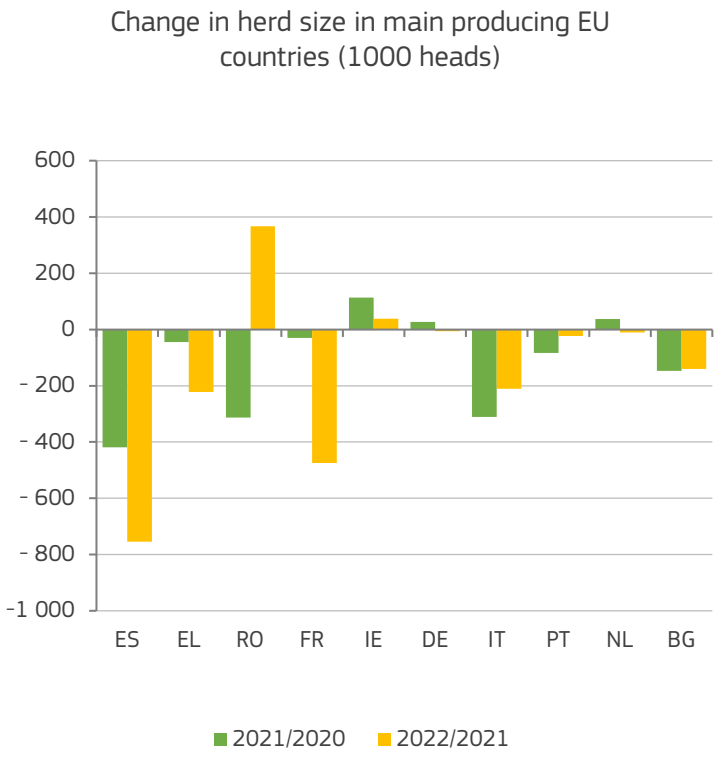
SHEEP/GOAT MEAT

STABLE EU SHEEP AND GOAT MEAT PRODUCTION

The December 2022 livestock survey showed a significant decline in the size of the sheep and goat flock in the EU by an estimated 1.5 million heads, especially in ES and FR. This is the third year in a row that the herd declines by more than 1 million heads. On the other hand, RO showed an increase of more than 360 000 heads. Moreover, more ewes were put to the ram in RO and in FR compared to last year.

In 2022, the production of sheep and goat meat decreased by only 0.6%. IE and RO increased slaughterings while EL, DE, ES and FR reported noteworthy decreases. Despite favourable prices, the substantial reduction of the flock is hampering the EU production.

Lower feed prices and better grazing conditions might improve slaughter weights year on year. Overall, a decrease in production of 1.2% is still expected in 2023. This could ensure a high level of domestic prices.



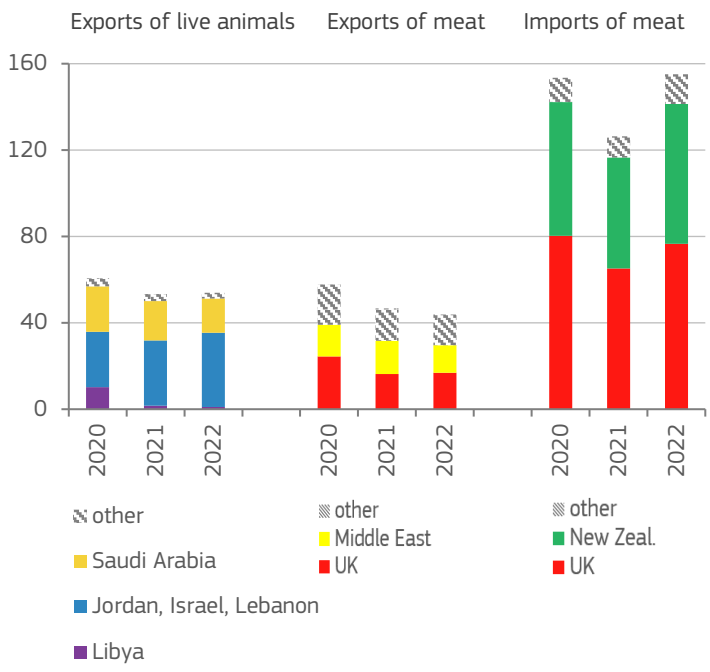
Source: DG Agriculture and Rural Development, based on Eurostat.

HIGH DOMESTIC PRICES ATRACT IMPORTS IN 2023

EU sheep meat exports decreased by 6% in 2022. A shortage in domestic supply and relative high prices could push exports further down in 2023 (-1%).

EU exports of live animals increased by 1.2% in 2022, despite a difficult first half of the year and high domestic prices. Most main destinations recorded decreases, except Jordan and Israel. In fact, the increase of exports to these two destinations alone compensated largely the declines in most other destinations. RO is expected to further redirect a part of its live animals to EL and BG due to the very remunerating prices instead of exporting them to non-EU countries. Overall, EU exports of live animals are set to decline by 3.5% in 2023 due to high domestic prices and the continuing difficult transport situation through the Black Sea.

EU imports of sheep meat increased by almost 23% in 2022, coming from New Zealand, the UK and Australia. More imports from New Zealand are expected also in 2023, mostly thanks to a lower Chinese demand and less logistic hurdles. Overall, EU imports could reach an additional 8% increase this year boosted also by more competitive UK and Australian shipments. These additional imports are expected to put some pressure on high EU prices. Per capita consumption would stay rather stable in 2023.



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

METHODOLOGY

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

The balance sheets refer to six calendar years for meat and dairy and seven marketing years for crops and fruit and vegetables.

SOURCES

- European Central Bank staff macroeconomic projections for the euro area[1]
- S&P Global
  - DataInsight database
  - Commodity Price Watch
- World Bank, Commodity Markets[2]
-
- Drewry[3] world container index, cited by Statista[4]
- Baltic dry index,[5] cited by Statista[6]
- 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 is considered, both imports and exports.
- Global Trade Atlas (GTA, global trade statistics, including UK trade).
- Weekly commodity prices communicated to DG Agriculture and Rural Development by the Member States.

Macroeconomic forecast is based on sources provided by the European Central Bank, with additional insights from S&P Global.

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 AGRI4CAST[7]) 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 forecast 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 2022 calendar year assume duty-free/quota-free trade between the two.

Trade forecast is based on latest data available until 15th of the month preceding the publication date.

Although the UK is considered a third country partner of the EU since January 2021, EU countries continue reporting trade flows to/from the Northern Ireland in INTRASTAT database while flows to/from Great Britain are reported in the database for extra-EU partners. However, the UK figures are consolidated with a delay to reflect reporting for Northern Ireland (70 days instead of 45).

Because of this delay in EU trade data completeness, the period covered by trade data might differ from the period for which monthly production data is available (usually 45 days after the end of month, depending on the source). However,

[1] https://www.ecb.europa.eu/pub/projections/html/ecb.projections202303_ecbstaff~77c0227058.en.html

[2] https://www.worldbank.org/en/research/commodity-markets

[3] Drewry World Container Index reports actual spot container freight rates for major East West trade routes. The Index consists of 8 route-specific indices representing individual shipping routes and a composite index. All indices are reported in USD per 40ft Container.. https://www.drewry.co.uk/

[4] https://www.statista.com/statistics/1250636/global-container-freight-index/

[5] The Baltic Dry Index is reported daily by the Baltic Exchange in London. The index provides a benchmark for the price of moving the major raw materials by sea. https://balticexchange.com/en/data-services/market-information0/dry-services.html

[6] https://www.statista.com/statistics/1035941/baltic-dry-index/

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

some individual data for other extra-EU partners might already be available as described above.

Price transmission along the food chain: main data source for individual indices is Eurostat (Food price monitoring tool). However, EU farmer price indices are not available before January 2015. Before this date, the monthly change is estimated based on Member States data weighted by their share in the agricultural output. Latest Eurostat monthly indices for EU farmer prices are available in September 2022. Since this date, the index is estimated based on cereals, sugar, milk, meat, tomatoes and apples monthly prices weighted by annual production (updated by the latest edition of short-term outlook: https://agriculture.ec.europa.eu/data-and-analysis/markets/outlook/short-term_en).

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.

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 cereals[8]. 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 sugar[9] 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 2016/17). 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 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 for the projections, they are closing the balance. The reported stocks include carry-forward sugar (up to 2016/17).

For confidentiality reasons with regard to Member States notifications on stocks, EU+UK sugar balances are presented in this report up to 2019/20. For the same reason, only change in EU stocks is presented for 2020/21.

Isoglucose

Production and stocks data originate from MS notifications under the Common Market Organisation (CMO) when they become available. The balance closes over consumption. 2019/20 estimates and 2020/21 forecast are based on trends and experts' judgment.

[8] 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.

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

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. Estimates and 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 6[10].

Tomatoes

The balance sheet is based on a calendar year 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 fresh tomatoes is based on trends and market expertise. The forecast for tomatoes 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.19.5[11].

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

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

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

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. The 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 equivalent[12]. Conversion coefficients used to convert processed products into fresh oranges weights vary between 0.3 and 12. No stock data is currently available. The balance closes over apparent consumption. Forecast is based on trends and experts' judgment.

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 otherwise[13].

Production forecast for the year 2022 is based on annual and monthly data on slaughtering, 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.

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

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

MILK AND DAIRY PRODUCTS

The commodity balance sheets cover production of dairy products taking place in dairy processing plants and so far do not include on-farm production.

Total EU production of dairy products and in particular for SMP and WMP is 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 2021 is based on Eurostat annual statistics, estimates for 2022 are based on the available monthly statistics, taking into account the country coverage and sample characteristics (therefore not fully comparable to reported monthly figures by Eurostat, and based on the comparison of trends between annual and monthly databases in past). Forecast for 2023 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'.

2023 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.

In the case of butter, trade flows under inward and outward processing are extracted from trade figures in the butter balance sheet. As those regimes are not reported for flows to/from UK, for imports under inward processing a coefficient of 30% is applied for EU imports from the UK and a coefficient of 20% for EU exports to the UK to account for outward processing. Those values are then extracted from the EU trade flows. This methodology might change when the respective regimes will start to be reported.

DATA

Balance sheets for the EU and production figures at Member State level are available on Europa:
https://agriculture.ec.europa.eu/data-and-analysis/markets/outlook/short-term_en#data

ABBREVIATIONS

ASF	African swine fever
AT	Austria
ATM	Autonomous Trade Measures
bbl	barrel (approximately 159 litres)
BE	Belgium
BG	Bulgaria
BSGI	Black Sea Grain Initiative
CAP	Common Agricultural Policy
CY	Cyprus
CZ	Czechia
DE	Germany
DK	Denmark
ECB	European Central Bank
EE	Estonia
EL	Greece
ES	Spain
EU	European Union
EUR	euro
EVOO	extra virgin olive oil
FDP	fresh dairy products
FI	Finland
FR	France
GDP	gross domestic product
HPAI	highly pathogenic avian influenza
HR	Croatia
HU	Hungary
IE	Ireland
IT	Italy
LT	Lithuania
LU	Luxembourg
LV	Latvia
MMBtu	Metric million British thermal units (approximately 293.1 kilowatt hours)
MS	member states
MT	Malta
NL	Netherlands
PL	Poland
pp	percentage point
PT	Portugal
RO	Romania
SE	Sweden
SI	Slovenia
SK	Slovakia
SMP	skimmed milk powder
SPS	sanitary and phytosanitary measures
STO	short term outlook
UK	United Kingdom
US	United States
USD	US dollar
WB	World Bank
WMP	whole milk powder

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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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