

European Commission
Directorate-General for Agriculture

PROSPECTS FOR
AGRICULTURAL MARKETS

2002 – 2009

June 2002

NOTE TO THE READERS

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

This report is based on the statistical information available in April 2002. The implications of the new US Farm Bill, the Farm Security and Rural Investment Act of 2002, have not been incorporated into the present analysis. An update of the medium-term projections for the EU will be provided shortly in the light of the projected impact of the US Farm Bill on the world agricultural markets.

Table of contents

Foreword	7	
List of acronyms and abbreviations	8	
Summary of the projections	11	
Chapter I	Prospects for agricultural markets in the European Union	
1.	Introduction and macro-economic environment	35
1.1	Introduction	35
1.2	The macro-economic environment	35
2.	Arable crops	37
2.1	Cereals	37
2.1.1	Supply	37
2.1.2	Internal demand	43
2.1.3	External trade	47
2.1.4	Balance sheet	49
2.2.	Oilseeds	52
2.3	Rice	55
2.4	Uncertainties	58
3.	Meat and livestock	60
3.1	Beef and veal	60
3.2	Pig meat	65
3.3	Poultry	67
3.4	Sheep and goat	69
3.5	Overall meat consumption	70
4.	Milk and dairy products	71
4.1	Milk production, deliveries and dairy herd	73
4.2	Dairy products	74

4.2.1	Cheese	73
4.2.2	Butter	75
4.2.3	Skimmed milk powder	76
	Methodological annex	79
Chapter II	Prospects for agricultural markets in the candidate countries from Central and Eastern Europe	
1.	Introduction	91
2.	Economic outlook, market and weather conditions	92
3.	Cereals and oilseeds	94
3.1	Area	94
3.2	Cereals	94
3.3	Oilseeds	97
4.	Milk and dairy products	98
5.	Beef and veal	101
6.	Pig meat	102
7.	Poultry meat	103
8.	Sheep and goat meat	104
9.	Total meat consumption	104
10.	Conclusion	104
	Statistical annex	106
	Methodological annex	110
Chapter III	Prospects for world agricultural markets	
1.	Introduction	115
2.	Overview of main trends	115
2.1	Overview per sector	116
2.2	Underlying factors	120
3.	Prospects per sector	125

3.1	Cereals	125
3.2	Oilseeds and oilseed products	134
3.2.1	Oilseeds and oilseed meals	134
3.2.2	Vegetable oils	139
3.3	Meat	140
3.3.1	Beef and veal	141
3.3.2	Pig meat	144
3.3.3	Poultry	146
3.4	Milk and dairy products	148
3.4.1	Milk production	149
3.4.2	Dairy products	151
3.4.3	Dairy prices	154
4.	Key issues	155
4.1	Economic prospects	156
4.2	Growth potential in agricultural supply	157
4.3	Policy and trade environment	158
	References	163
	Statistical annex	164

Foreword

The Directorate-General for Agriculture of the European Commission has published in recent years an overview of market trends and medium-term projections of supply and demand for the main agricultural commodities. This publication provides a picture of the likely developments of agricultural markets up to 2009, based on a certain number of assumptions and on the statistical information available in April 2002.

This report contains three chapters. The first chapter centres on the market prospects by the year 2009 within the EU and covers the following products: cereals, oilseeds, rice, meat, milk and the main dairy products. Chapter II provides a description of the likely prospects of agricultural markets in the ten Central and Eastern European Countries, which are candidates for accession to the EU. Finally, a presentation of the medium and long-term prospects of agricultural world markets, based on reports and projections established by various international organisations and institutes, is given in chapter III.

List of acronyms and abbreviations

ACP	Africa -Caribbean-Pacific countries
Bio	Billion
BSE	Bovine Spongiform Encephalopathy
CAP	Common Agricultural Policy
Cap.	Capita
CEECs	Central and Eastern European Countries
CIF	Cost-Insurance-Freight
Cwe	Carcass weight equivalent
DG AGRI	Directorate-General for Agriculture
EBA	“Everything But Arms” Initiative
EU	European Union
EUROSTAT	Statistical Office of the European Communities
FAIR	Federal Agriculture Improvement and Reform (US)
FAO	Food and Agriculture Organisation of the United Nations
FAPRI	Food and Agricultural Policy Research Institute
FMD	Foot-and-Mouth Disease
FOB	Free-On-Board
FSU	Former Soviet Union
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
Ha	Hectare
IGC	International Grains Council
IMF	International Monetary Fund
Kg	Kilogram
LDCs	Least Developed Countries
LFA	Less Favoured Areas
Lw	Live weight
Mio	Million
NAFTA	North America Free Trade Agreement
OCT	Overseas Countries and Territories
OECD	Organisation for Economic Co-operation and Development
OTMS	Over Thirty Months Scheme

SAPARD	Special Accession Programme for Agricultural and Rural development
SMP	Skimmed Milk Powder
SRM	Specific Risk Material
T	Metric tonne
TRQ	Tariff-Rate Quota
URAA	Uruguay Round Agreement on Agriculture
US	United States of America
USDA	United States Department of Agriculture
WMP	Whole Milk Powder
WTO	World Trade Organisation