

European Commission
Directorate-General for Agriculture and Rural Development

PROSPECTS FOR
AGRICULTURAL MARKETS
AND INCOME
IN THE EUROPEAN UNION

2007 – 2014

March 2008

NOTE TO THE READERS

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

The present projections and analyses for the EU-27 have been mainly carried out on the basis of two economic models currently available in the Directorate-General for Agriculture and Rural Development of the European Commission.

This report is based on the information available at the end of 2007. The changes in legislation proposed or adopted since that date have not been taken into account. Moreover the projections do not take account of any potential outcome of the multilateral trade negotiations within the framework of the Doha Development Round. The analysis covers the period between 2007 and 2014.

List of acronyms and abbreviations

BSE	Bovine Spongiform Encephalopathy
CAP	Common Agricultural Policy
CNDP	Complementary National Direct Payment
cwe	Carcass weight equivalent
DG TREN	Directorate-General for Energy and Transport
EAGGF	European Agricultural Guidance and Guarantee Fund
EU	European Union
EU-27	European Union after the enlargement on January, 1 st 2007
EU-25	European Union after the enlargement on May, 1 st 2004
EU-10	Member States that joined the European Union on May, 1 st 2004
EU-2	Bulgaria and Romania
EU-12	All Member States that have joined the EU since May, 1 st 2004
EU-15	Member States of the European Union before May, 1 st 2004
FAPRI	Food and Agricultural Policy Research Institute
FMD	Foot-and-Mouth Disease
GDP	Gross Domestic Product
ha	Hectare
kg	Kilogram
mio	Million
OECD	Organisation for Economic Co-operation and Development
PRIMES	Energy system model used by DG TREN
SAPS	Single Area Payment Scheme
SMP	Skimmed Milk Powder
t	Metric tonne
TRQ	Tariff-Rate Quota
URAA	Uruguay Round Agreement on Agriculture
US	United States of America
USD	US Dollar
WMP	Whole Milk Powder
WTO	World Trade Organisation

EXECUTIVE SUMMARY

The market projections presented in this report for cereals, oilseeds, meat and dairy products in the EU-27 were established under a specific set of assumptions. These cover the outlook for the macro-economic environment, with a gradual recovery of EU economic growth and a strengthening of the USD over the medium term. They also concern world agricultural commodity markets which are projected to show growing demand and trade at sustained price levels. The report is based on the information available at the end of December 2007. As a result, these projections do not take into account the latest European Council decision to increase milk quotas by 2% from the 2008 marketing year. Furthermore, they do not consider the potential outcome of the multilateral trade negotiations within the framework of the Doha Development Round. Therefore, the Uruguay Round Agreement on Agriculture and other existing trade commitments are assumed to remain unchanged and to be met over the period 2007-2014.

The markets for cereals have shown exceptional developments over the last few months, with prices at record levels. These mainly resulted from a combination of structural drivers (e.g. a steady rise in global food demand, the emergence of the biofuel market, the significant slow down in cereal yield growth in the EU) and more short-term factors such as adverse climatic conditions and the restrictive export policy of some key world market suppliers. In the EU two successive lower than average harvests in 2006/07 and 2007/08 helped to clear the cereal intervention stocks and left total cereal stocks at very low level. This very tight market situation should maintain cereal prices at high levels in the early part of the projection period until market stocks in the EU replenish.

Over the medium term, world and EU **cereal prices** are projected to remain sustained at higher levels than seen in the last decade, though at much lower levels than those recently observed. Moreover, cereal prices are expected to exhibit greater fluctuations than observed over the recent past. The continuously high and increasing maize demand in the US should lead to a lasting change of relative prices in favour of coarse grains. This should particularly favour European barley and maize exports. The phasing-out of maize intervention should assure fluidity of maize markets in Hungary, Slovakia, Bulgaria and Romania over the medium term and, thus, considerably reduce the risks of regional structural surpluses.

The medium-term projections depict a positive outlook for the EU **cereal markets** thanks to the impact of the CAP reform (including the phasing-out of maize intervention), the moderate prospects for yield growth, the emerging bioethanol market, the expected gradual integration of Bulgaria, Hungary, Slovakia and Romania into the single market and more favourable conditions on world markets. The domestic use of cereals in the EU is notably projected to increase thanks to the growth in the emerging bioethanol and biomass industry in the wake of the initiatives taken by Member States in the framework of the biofuel directive and the biomass action plan. These developments on the internal and external markets should all result in relatively balanced cereal markets over the medium term in the EU. However, these favourable projections would remain subject to a number of uncertainties, most notably with regards to the future climatic conditions on the supply side and development of the biofuel sectors in the EU and the US on the demand side.

Market perspectives for the EU **oilseed sector** are foreseen to be supported by the increasing demand for biodiesel in the EU and the favourable perspectives projected for world markets. The production potential for non-food oilseeds would however remain constrained by the limitations of the Blair House agreement (with a maximum production of 1 mio t of soybean meal equivalent on set aside land). Despite the moderate 9 mio t increase in oilseed production projected over the next 7 years, the EU will continue to remain a large net importer of oilseeds and vegetable oils.

The medium-term perspectives for **animal products** are relatively positive for poultry, pig meat and the dairy markets, while beef production is expected to continue to decline. Total per capita meat consumption showed a fast recovery following the 2006 market disruption due to Avian Influenza and is projected to increase further over the medium term by 3.2% altogether by 2014.

Beef production is projected to decline over the medium term to the level of 7.6 mio t in 2014 in line with the structural reduction of the dairy herd and the impact of decoupling. As consumption would exhibit a more modest decline throughout the projection period, imports are expected to increase in order to fill the gap and reach 743 000 t by 2014.

Pig meat production and consumption are projected to increase over the medium term, though at a slower pace than in the past decade, due to the competition from poultry meat and higher feed prices. Extra-EU exports would face increasing competition from low-cost producing countries, but EU intra-trade is expected to continue expanding over the forecast period.

The market outlook for **poultry meat** remains relatively positive as competitive prices with respect to other meats and strong consumer preference should play in favour of poultry production. The conclusion of trade agreements with Brazil and Thailand on a new import regime will result in increased imports over the short term that would be followed by moderate growth over the medium term. As EU exports are projected to exhibit a continued decline, the EU-27 is soon to become a net importer of poultry meat.

Sheep and goat meat production is projected to decline gradually in line with past long-term trends and the impact of decoupling of ewe premiums in the major producing countries. Imports are expected to remain stable throughout the medium term with a slight increase at the end of the projection period in order to meet domestic demand that is projected to decline at a slightly lower rate than production during the later years.

Overall **meat consumption** is projected to increase from the estimated 84.5 kg/head in 2006 to around 87.2 kg/head by 2014. Pig meat would remain the most preferred meat by EU consumers maintaining its current share of 50%, followed by poultry that would increase its share to 28% (+1.5 percentage points).

EU-27 **milk production** is projected to expand at a modest rate over the short term in line with the increase in production quotas granted to eleven member states of the EU-15. However, over the medium term milk production would decline gradually to the level of 147.3 mio t in 2014, driven by a steady decrease in subsistence production in the EU-12. On the other hand, the rate of milk delivered to dairies is foreseen to expand over the medium term, leading to a 2.2% increase in milk available for processing by 2014. The EU-27 dairy herd is projected to fall from 24.2 mio heads in 2006 to around 21.9 mio animals by 2014.

Following a temporary slowdown in 2007, EU-27 **cheese** production is expected to expand further over the medium term increasing by 10% altogether. This growth would be driven by a continued strong increase in the EU-12. Exports are foreseen to expand

over the short term, but the growth in domestic consumption would absorb most of the increase in cheese production, leading to a steady decline in exports over the medium term.

The exceptional price environment of 2007 led to increased production of butter and skimmed milk powder (SMP). However, the production of bulk dairy products would return to a declining path already in the short term and throughout the medium term due to the limited milk supply and the increasing production of higher value added dairy products.

EU-27 **butter** production is foreseen to fall below 2 mio t by 2014. Consumption is projected to decrease at a lower rate, leading to declining butter exports. Intervention stocks, which were emptied in the first semester of 2007, will remain empty until the end of 2014.

The medium-term developments show a continuation of the downward trend for **SMP** output that would decline by 6.4%. Like in the case of butter, SMP exports are projected to decrease over the forecast period.

The medium-term projections for **agricultural income** display a rather favourable outlook as the EU-27 agricultural income would grow by 18.1% between 2006 and 2014 in real terms and per labour unit. This overall gain would mask marked differences between EU-15 and the EU-12. Whereas agricultural income in the EU-15 would show a more moderate development with a 7.1% growth over the period 2006-2014, it is foreseen to display a more pronounced picture in the EU-10 and EU-2 where it would rise steadily by 31.2% and 87.6% respectively by 2014. Apart from the generally positive price developments this growth in income would be supported by the implementation of the CAP, the integration into the single market and most significantly by the sharp rise in the subsidies granted to agricultural producers in the EU-12.

If the overall outlook for EU agricultural markets and income over the next seven years appears globally favourable, **it clearly remains subject to some important uncertainties**. The latter relate mainly to future economic, market and policy developments. They concern in particular future changes in agricultural and trade policies as well as the outcome of the current Doha Development Round of trade negotiations. The impact of other factors such as the macro-economic environment (including oil prices and the USD/€ exchange rate), the policies on renewable energy, the path of technological change, future climatic conditions and the risks linked to adventitious presence of unauthorised GMOs due to asynchronous approval procedures could also have far reaching implications for the future pattern of EU agricultural markets.

1. INTRODUCTION

This report summarises the main results and underlying assumptions of medium-term projections for the markets of some key agricultural products (cereals, oilseeds, sugar, meat and dairy) and for the sector income in the European Union for the period 2007-2014. The results presented are based on data and other information available at the end of 2007. In particular the projections take into account the short-term developments foreseen for 2007 and 2008 on domestic and world markets.

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

- (1) The implementation of the **single payment scheme** as part of the Common Agricultural Policy (CAP) reform decisions allows Member States to choose among different options, which will influence the degree of “decoupling” of the payments. On the basis of Member States decisions, it has been estimated that in 2014 approximately 91% of the budgetary transfers in the form of direct payments (including national envelopes and top-ups) for the arable crops, milk, beef and sheep sectors will be part of the decoupled single farm payment for the EU-27 as a whole. The rate would be higher for the milk (100%) and arable crop (96%) sectors than for beef and sheep sectors (79% and 82% respectively).
- (2) All transitional measures of the CAP in the **EU-12**, i.e. the phasing-in of direct payments as well as the top-up possibilities and the production quotas are expected to operate under the rules agreed upon in the accession treaties. Ten Member States of the EU-12 adopt the single area payment scheme (SAPS), while Slovenia and Malta implement the EU legislation on direct payments prevailing under Agenda 2000. From 2011 onwards the eight Member States of the 2004 enlargement applying SAPS are assumed to adopt the regionalised system that Romania and Bulgaria would implement in 2014. Slovenia and Malta implement the regionalised system from 2007 onwards.
- (3) After a reduction to 5% for the 2004/05 marketing year, the mandatory **set-aside rate** returned to the regulatory 10 % in 2005/06. The rate of compulsory set-aside is set at zero for 2008/09 and then assumed to remain fixed at a level of 10% for the rest of the period. For those EU-12 Member States which opted for the single area payment scheme, the set-aside obligations would only apply from 2011 onwards (and from 2014 onwards in Bulgaria and Romania).
- (4) It is also assumed that all commitments taken within the **Uruguay Round Agreement on Agriculture** (URAA), regarding in particular market access and subsidised exports, will be fully respected. Thus, subsidised exports are expected to remain below the annual URAA limits, whereas imports under current and minimum access are fully incorporated. In addition, since this report is based on the information available at the end of 2007, no account could be taken of any potential outcome of the multilateral trade negotiations within the framework of the Doha Development Round. Therefore, the URAA commitments are assumed to remain unchanged over the period 2007-2014.

- (5) The **macro-economic environment** in the EU is for a moderation of GDP growth to around potential over the next two years according to the 2007 autumn short-term economic forecasts from the European Commission¹. The EU economies entered 2007 on a strong note thanks to sound domestic fundamentals and favourable global growth and was thus in a relatively good position to weather the turmoil in the financial markets that began during the summer. These turbulences are assumed to peter out gradually, although with a reduction in investors' appetite for risk and tighter financing conditions as a result. This would have a certain adverse effect on investment and consumption growth, which could be reinforced by wealth and confidence effects. However, a still benign global environment, high profit margins, confidence indicators remaining above their long-term averages, continued employment growth in the EU and, in some cases, expansionary fiscal policies suggest that growth should hold up reasonably well.

Real EU GDP growth is therefore expected to decelerate from 2.9% in 2007 to 2.4% in both 2008 and 2009, close to potential growth. Economic growth is projected to be driven by domestic demand, with private consumption taking over as the main engine of growth. Equipment investment would be supported by sturdy profits and still favourable demand expectations, while tighter financing conditions are likely to mainly affect construction investment. This would thereby accelerate the ongoing correction of the housing market in some countries.

Economic activity would also be supported by a positive, albeit small, net contribution from the external sector this year in the euro area. The international environment is expected to remain supportive, as a more marked slowdown in the US is largely offset by buoyant growth in the emerging markets. World GDP growth (excluding the EU) should ease slightly from 5.6% in 2007 to 5.3% in 2008 before accelerating again to 5.4% in 2009. With world GDP growth sustained above 5% per annum, world trade is expected to remain robust at 7-7.5% in 2008-2009.

There exist a number of downside risks to this macro-economic outlook. The major risks relate to the recent turmoil in the financial markets (and its impact on credit and liquidity provisions) and a sharper and/or more protracted slowdown in the US economy. Further downside risks relate to a disorderly unwinding of global imbalances in general, even if the current outlook already predicts a certain reduction of the US current-account deficit. Moreover, persistent large current-account imbalances could enhance the risk of protectionist measures. Other downside risks relate to adverse developments in oil prices.

The upside factors relate mainly to a potential decrease in commodity prices, stronger growth momentum in emerging markets and higher dynamics in the labour market that may provide further support to private consumption and an additional boost to the economy.

¹ European Commission, Directorate-General for Economic and Financial Affairs. Economic Forecasts, Autumn 2007. *European Economy* No.7/2007.

Table 1: Assumptions on macro-economic variables in the European Union, 2006 – 2014

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Population growth (in%)									
EU27	0.4%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%
of which EU15	0.5%	0.4%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%
of which EUN10	0.0%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%
of which EUN2	-0.3%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.5%	-0.5%	-0.5%
GDP growth (in%)									
EU27	3.0%	2.9%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
of which EU15	2.8%	2.7%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
of which EUN10	4.6%	3.1%	3.3%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
Bulgaria	6.1%	6.3%	6.0%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%
Romania	7.7%	6.0%	5.9%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%
Inflation (in%)									
EU27	2.3%	2.3%	2.4%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
Exchange rate									
US\$/€	1.26	1.36	1.42	1.42	1.38	1.35	1.32	1.28	1.25

The **\$/€ exchange rate**, which reached 1.26 on average in 2006, increased dramatically in 2007. After a continued short-term strengthening, the euro is assumed to return gradually to 1.25 against the USD by 2014, as the impact of the short-term factors contributing to the recent weakening of the USD may be expected to give way to more fundamental structural factors.

2. ARABLE CROPS

2.1. Cereals

2.1.1. Overall prospects

The markets for cereals have shown exceptional developments over the last few months, with prices at record levels. There are several reasons for these developments. Some are of a structural nature and have already caused prices in 2006 and in the first part of 2007 to reach firmer levels than those observed for more than a decade, bringing EU prices much more aligned to world market prices. They include (i) the steady rise in global commodity demand driven by record economic growth rates, urbanisation and changes in dietary patterns (notably for meat) in many parts of the world (in particular India, China and Latin America); (ii) the emergence of new market outlets such as the biofuels market (mainly in the US where this market is estimated to absorb around 25% of US maize production in 2007/08, whereas EU biofuels production would only use less than 1% of domestic cereals production); (iii) the significant slow down in cereal yield growth in the EU (unlike many other producing regions).

Besides these structural factors, which were largely anticipated in the medium-term prospects that were published in July 2007², the agricultural sector has been hit in 2007 by a series of adverse climatic conditions in many producing and exporting regions. The continuation of a very significant drought in Australia, a heat wave in central and eastern Europe (with the most severe impacts being recorded in Bulgaria, Hungary and Romania), unusually abundant rainfall in North-West Europe (in particular in France and Germany) as well as very low temperatures in Ukraine and Russia considerably affected the level of crop production in these countries.

The combination of these structural and short-term factors has generated very tight market conditions with a further fall in global stocks to their lowest in more than 10 years. The impact of these factors on prices has been exacerbated by the restrictive policy of some exporting countries (such as Ukraine and Russia).

In the EU two successive lower than average harvests in 2006/07 and 2007/08 helped to clear the cereal intervention stocks. The exceptionally high price level provided greater market fluidity in the land locked EU-10 Member States even in presence of very high transport costs. As a result, cereal market stocks fell to a very low level. These two factors should contribute to high cereal prices for the early part of the projection period until market stocks in the EU replenish.

Over the medium term, world and EU cereal prices would stay on a higher level than seen in the last decade as the structural factors, such as the growth in global food demand and the development of new market outlets, can be reasonably expected to maintain prices at sustained levels, though at much lower levels than those recently observed. However, cereal prices are expected to exhibit greater fluctuations than observed over the recent past.

² European Commission, *Prospects for agricultural markets and income 2007-2014*, Brussels. http://ec.europa.eu/agriculture/publi/caprep/prospects2007a/index_en.htm

The continuously high and increasing maize demand in the US would lead to a lasting change of relative prices in favour of coarse grains. This should particularly favour European barley and maize exports. The phasing-out of maize intervention will assure fluidity of maize markets in Hungary, Slovakia, Bulgaria and Romania over the medium term and, thus, considerably reduce the risks of regional structural surpluses even in presence of high harvests and continuously high transport costs.

The medium-term perspectives for the EU cereal markets depict a favourable outlook supported mainly by the expansion of domestic consumption and cereal exports. Domestic use of cereals is projected to increase thanks to the growth in the emerging bioethanol and biomass industry in the wake of the initiatives taken by Member States in the framework of the biofuel directive and the biomass action plan. The EU should also increasingly benefit from a growing world demand supported by the assumed strengthening of the USD over the medium term. These developments on the internal and external markets should result in relatively balanced cereal markets over the medium term in the EU.

2.1.2. Area allocation

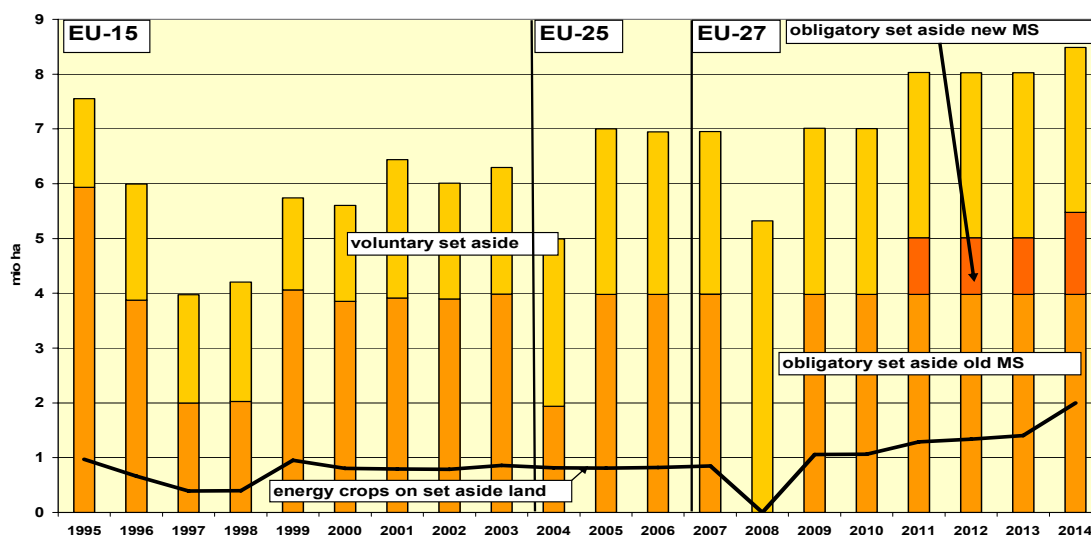
Total EU-25 cereal area would be supported by higher price levels over the medium term, stabilising around 51-52 mio ha over most of the projection period. The accession of Bulgaria and Romania would add around 7.5 mio ha, bringing the total cereal area of the EU-27 towards 59 mio ha. The removal of the set aside obligation in 2008/09 (combined by a high price environment) is foreseen to lead to an increase in cereal area to 60.3 mio ha (from 56.6 mio ha in 2007/08). The mobilisation of fallow area due to this measure is expected to reach some 1.7 mio ha of arable land, of which about 1.2 mio ha would benefit the cereal sector. The other part of the area would come from other crops, most notably fodder. From 2009 onwards, EU cereal area would resume its slight decline to stand at around 59 mio ha by 2014 (although additional cereal production for energy use would also take place on set-aside land for around 1 mio ha).

The medium-term projections only foresee a slight change in the area allocation between the individual cereals. The competitive position of barley should be supported by the prospects on world markets. Barley area would stabilise at around 13.7 mio ha. Soft wheat area would increase from 22.1 mio ha in 2007 to 23.2 mio ha in 2008/09 thanks to the setting out of set-aside. Soft wheat area would increase moderately over the medium term thanks to the expansion of soft wheat production for energy purposes on set-aside land (0.7 mio ha by 2014). High prices, supported by a tight market situation, particularly for food qualities, would lead to a slight increase in rye area to 2.7 mio ha over the medium term.

The EU maize production potential has been increased by around one third thanks to the accession of Bulgaria and Romania which brought an additional 3.1 mio ha. The favourable prospects for maize profitability in the four main maize producing Member States from Central and Eastern Europe should lead to an increase in the total maize area of the EU-27 from 8.1 mio ha in 2007 to 9.6 mio ha in 2014. This development would take place despite the introduction of set-aside in 2011 and 2014 in the EU-10 and EU-2 respectively. In addition, the production of maize for energy use on set-aside land would rise to approximately 0.3 mio ha by 2014. The impact of the gradual phasing-out of maize intervention until 2009 is projected to be offset by the very favourable conditions for coarse grains on world markets.

Set-aside area gradually increased up to 7 mio ha in 2007, of which 4 mio ha came from compulsory set-aside. From 2011 onwards, the EU-10 should add 1 mio ha of mandatory set-aside when they shift from the Single Area Payment Scheme towards the regional Single Payment Scheme. Bulgaria and Romania would contribute for a further 0.5 mio ha of mandatory set aside from 2014. The extension of the SAPS in the concerned EU-10 Member States by two more years would lead to an additional annual production of 4.5 mio t of cereals in the EU-10 in 2009 and 2010 and about 1.5 mio t in Bulgaria and Romania in 2012 and 2013.

Graph 1 Set aside land in the EU (mio ha) 1995-2014



The increasing demand of feedstock from the biofuel and biomass sector is expected to support the production of cereals for energy purposes on mandatory set-aside land in intensive production regions by the end of the projection period. The positive developments anticipated for the biofuel markets should lead to a non-food oilseed area of around 0.9 to 1 mio ha and to about 1.1 mio ha for non-food cereal and sugar beet by 2014.

The reform of the sugar Common Market Organisation would bring additional area to the cereal and oilseed sectors for approximately 0.6 to 0.7 mio ha after the end of the transition period in 2009³. Out of this 0.7 mio ha of additional area, about 0.4 mio ha would be allocated to oilseed production, 0.15 mio ha to soft wheat production and about 0.15 mio ha to maize.

2.1.3. Cereal yields

Cereal yield growth until 2014 is forecast to show a more modest pattern than earlier projections suggested, with an average annual growth estimated at approximately 0.8% between 2008 and 2014. Cereal yields in the EU-25 would increase from 4.7 t/ha in 2006 to 5.1 t/ha in 2014. In 2014 average cereal yield would reach 6.1 t/ha in the EU-15 while they would stand at 3.7 t/ha in the EU-10. In Bulgaria and Romania cereal yields are presently at 3 t/ha and would then slightly increase to 3.1 t/ha at the end of the

³ The area devoted to sugar beet production would fall as a consequence from 2.2 to 1.5 mio ha. However, the expected strong expansion of bioethanol production from sugar beet is projected to contribute to a stabilisation of the total sugar beet area, particularly in the most competitive sugar production regions.

projection period. Despite on-going restructuring, particularly in Romania, production would remain below its potential.

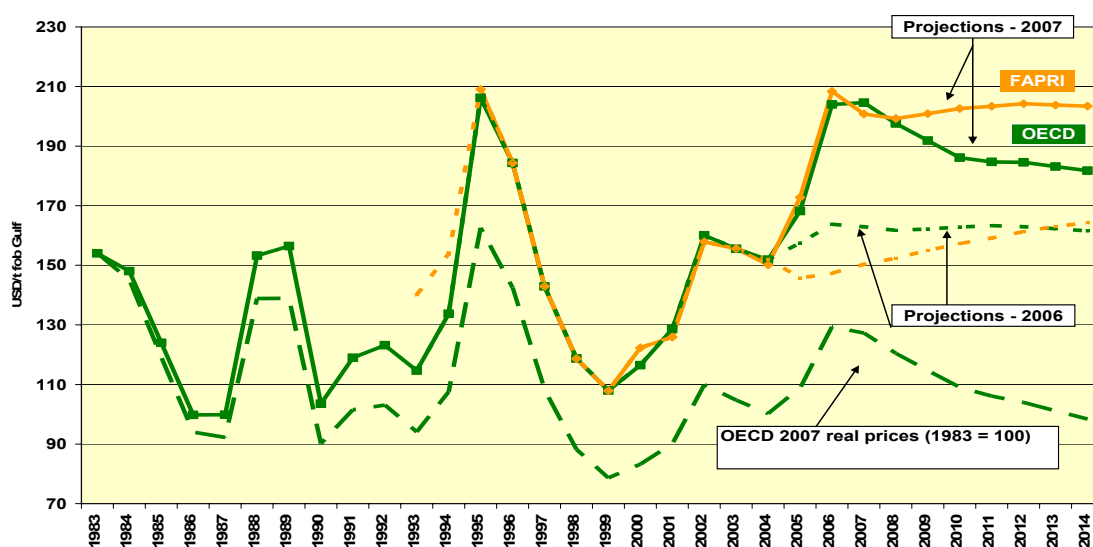
The underlying yield trend linked to technical progress in cropping as well as to new varieties would stand at 1.1% per year in the EU-12 whereas the EU-15 should exhibit lower growth of some 0.5% per year. Maize yields would see a modest growth of 0.4% per year, with yields appearing to remain virtually stable in the main producing regions in the western parts of the EU.

The analysis of the yield growth trends between 1980 and 2006 shows a differentiated pattern between northern and southern as well as western and eastern Member States and most notably between the 1980s and the period between 1995 and 2006. Yield growth in the EU-15 slowed down considerably over the last decade. This could suggest that production is at the technological frontier even in the most competitive regions. Therefore, future annual gains in yields would appear limited. Apart from the limited gains from technological progress through the introduction of new varieties, the other main factors contributing to this development include the impact of higher production standards as well as increasing constraints on resources such as water availability in southern EU Member States. However, in the EU-12, yield growth had picked up shortly before and after accession, though at significantly lower rates than a fully fledged catch-up process would suggest (on account of the slower than expected structural change).

2.1.4. The development of cereal prices

The favourable conditions on world markets as well as the increasing domestic demand should favour higher cereal prices in nominal terms than in the past decade. However, despite the hikes in 1983, 1989, 1995, 2003 and 2006 cereal prices should continue their trend of real decline over the medium term, which is pointing to the fact that production is increasing faster than demand, despite frequent price hikes due to adverse weather conditions.

Graph 2 Development in nominal and real world market prices, hard red winter fob Gulf (USD/t), 1983-2014



The current price hike observed for maize is forecast to slow down because of the expected record harvest and the lower growth of maize ethanol production capacities in the US according to the analysis of OECD and FAPRI. The latter is due to the

decreasing profits for the US ethanol industry. However, the new energy bill in the US can be expected to provide additional support to the bioethanol industry and to the world market prices of maize. By contrast, bioethanol production in Europe, which currently has a marginal share in domestic use, would only influence the cereal domestic markets over the medium term (balanced however by the emerging second generation technologies towards the end of the projection period).

Cereal prices in the EU reached very high levels in 2006. The lower EU harvest in 2007, the general low stock level in the EU as well as the tight global markets then led to record price levels. The expected higher availabilities in the EU due to the removal of set-aside in 2008 should lead to lower price levels. Prices then would pick up in nominal terms while they would stagnate in real terms. Soft wheat prices in the EU would exhibit an increase over the medium term after an initial drop in 2008 and 2009 thanks mainly to the picking-up of domestic demand in the EU as well as good export opportunities in line with the assumed weakening euro and the relatively high world market prices. Prices in the core cereal markets in the western parts of the EU would stand at 153 EUR/t in 2014. Maize prices would stay relatively high as well over the medium term. The phasing-out of maize intervention would assure the fluidity of internal maize markets. Average EU-15 price levels would reach 177 EUR/t at the end of the projection period, whereas they would stand at 136 EUR/t in Hungary with similar levels in Slovakia, Austria, the Czech Republic, Bulgaria and Romania.

2.1.5. The EU cereal markets

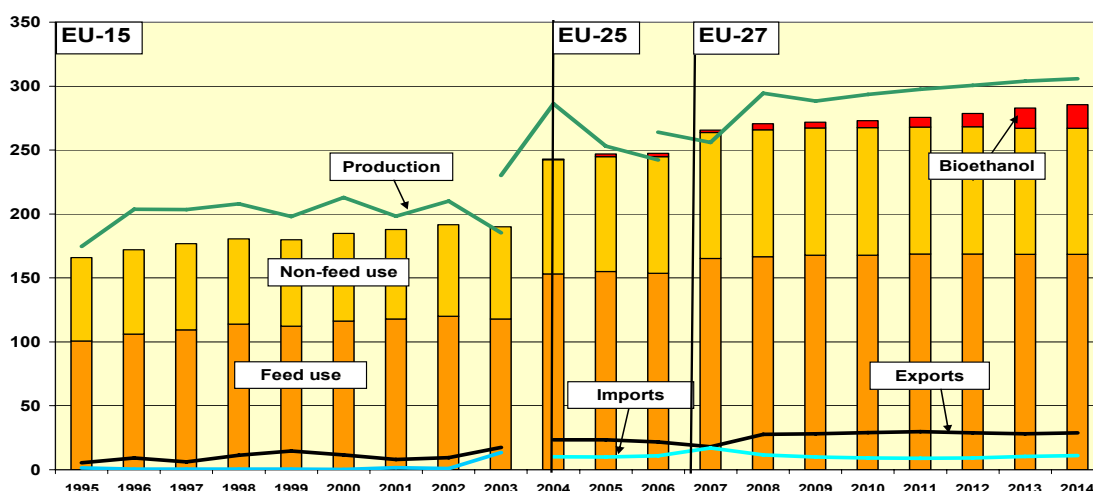
The relatively stable cereal area, the low yield growth as well as the favourable world market conditions should constitute important factors contributing to the relatively balanced situation on the EU cereal markets over the projection period. Cereal production in the EU-27 is expected to reach 306 mio t in 2014, i.e. an increase of 50 mio t from 256 mio t in 2007. The temporary setting out of set aside in 2008 and the high price environment should boost production which is forecast to reach 294 mio t. Production would then drop to 288 mio t in 2009 and then resume gradually increasing until the end of the projection period. The additional production beyond 300 mio t in 2014 would come from the cropping of cereals for energy use on set-aside land. Most of the projected 50 mio t increase in cereal production by 2014 would come from wheat and maize and would be partly explained by the low 2007 harvest as reference point.

The accession of Bulgaria and Romania in 2007 would increase cereal production of the EU by some 11 mio t in 2007 which is well below the potential of these two countries and marked by the exceptional low harvest in that year in that region. Cereal production should normalise and then expand gradually to 27.2 mio t in 2014 thanks to the favourable market conditions, the access to the single market and the introduction of the CAP. The introduction of mandatory set aside in 2014 would reduce production by some 1.5 mio t. Domestic use would stabilise at approximately 22 mio t over the medium term owing to the anticipated restructuring of the livestock sector by 2011. Maize would contribute about half of the cereal production and domestic use.

Domestic consumption of cereals would exhibit a 20 mio t increase over the projection horizon from 266 mio t to 286 mio t in 2014 thanks to the growth in the emerging bioethanol and biomass industry. Currently bioethanol processing is a marginal market outlet for agriculture which currently consumes 1.9 mio t reflecting the low profitability of this sector in presence of exceptional high market prices. The impact of the bioethanol demand would gather pace and about 18.4 mio t of cereals could be marketed via this outlet, following the initiatives assumed to be taken in the Member

States. The phasing-out of the maize intervention could contribute to more favourable conditions for investments into the bioethanol industry in Hungary, Bulgaria and Romania. However, actual investments into biofuel activities in these regions materialise only slowly from the plans drawn up in recent years. Cereal demand for bioethanol production would increase by 16 mio t between 2007 and 2014. This strong development takes into account the potential demand generated by the implementation of the biofuel directive and is based on the energy market projections of PRIMES, an energy market model of the European Commission in DG TREN. The incorporation rates would reach 3.6% in 2010 and 5% in 2014 (including biodiesel). By the end of the projection period it is likely that second generation biofuel technologies will become commercially viable and lead to a slow down in the cereal and sugar beet demand for bioethanol production.

Graph 3 Development in cereal markets in the EU (mio t), 1995-2014



Total cereal feed demand would stagnate around 168 mio t towards the end of the projection period. Several factors would contribute to these developments on the feed market: first, the increase in feeding efficiency will continue, in particular in the EU-12, resulting in lower feed use of cereals per ton of meat and livestock products than recorded in the past. Second, the overall increase in white meat and egg production in the EU is projected to be significantly lower than in the last decade. These developments on the meat markets owe to slower population growth and already high per capita meat consumption in most regions as well as to the projected further decline of the EU market share on the world meat markets over the coming years. Thirdly, the relatively high cereal prices projected over the forecast period as well as the availability of cheap protein-rich residuals of biofuel production should favour higher protein feed use, particularly in pork, poultry and egg production.

Over the medium term changing price relations would also result in a significant change in the composition of cereal feed use. Barley would maintain regional competitiveness in feed use in the early part of the projection period in the western part of the EU. Maize feed use would become more attractive during the last two thirds of the projection period thanks to the phasing-out of maize intervention as well as because of relatively high prices for soft wheat following its increasing use in bioethanol production. The increasing availability of maize from the land locked EU-12 Member States would trigger a drop in prices in the western European maize markets from 2008

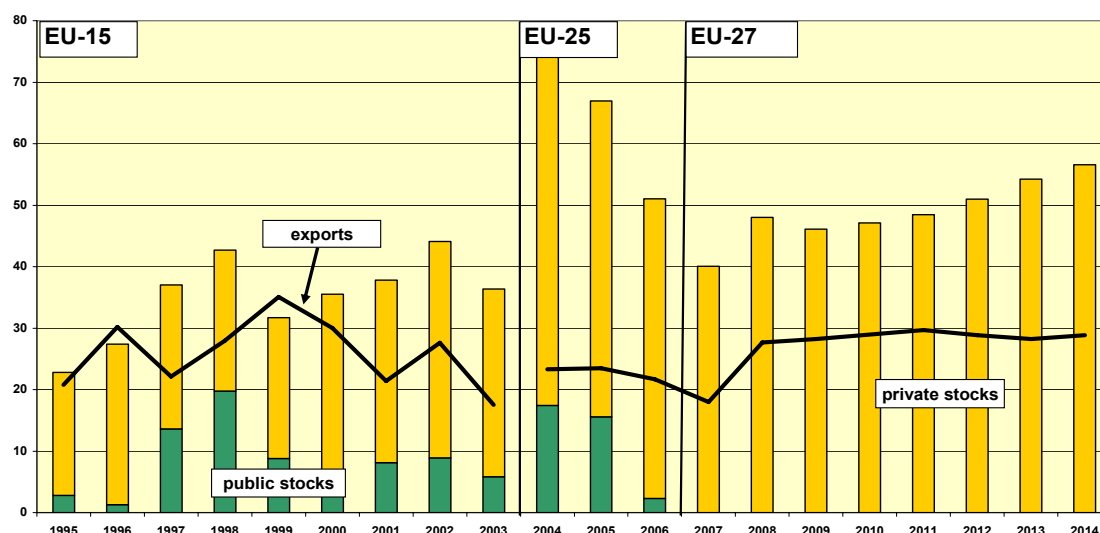
onwards. This development would take place at the expense of feed wheat and feed barley.

Bulgaria and Romania are expected to show a decline in feed demand following the restructuring of their livestock sector after enlargement. From 2009 onwards feed demand in these two countries would resume expanding and reach 14 mio t in 2014. Human demand would remain stagnant at 3.3 mio t due to the decline in population and despite the continuing strong income growth after accession.

Favourable perspectives on world markets would support an expansion in EU cereal exports over the medium term. Total EU exports would increase from an estimated 18 mio t in 2007 to 29 mio t in 2014. Soft wheat exports would decline over the second part of the projection period as a result of lower availabilities due to higher domestic demand. Exports of soft wheat would reach a peak in 2010 at 18 mio t and then decline to 14 mio t by 2014. On the other hand the supportive price relations for coarse grains should favour European barley exports which should increase to 9.6 mio t in 2014. Similarly maize exports should reach 3.7 mio t which represents an increase of 1.7 mio t as compared to the current export potential. The supportive outlook for world markets would be mainly based on a set of factors including (i) the increasing cereal import demand from (North) Africa, Middle East and South East Asian countries; (ii) the assumed strengthening of the USD against the euro; (iii) the rapid expansion of cereal-based bioethanol production in a number of exporting countries that should enable the EU to expand its market share on the world market until 2014.

Under the political settings of the present WTO agreement and the bilateral trade agreements currently in place, cereal imports should remain fairly stable at around 10 to 11 mio t over the projection period. Particularly the maize import levels of 5 to 9 mio t recorded in the last two years should decline again due to the increasing availability of maize of EU origin in the deficit regions in the northern European and east Mediterranean parts of the EU. The need for imports should further increase at the end of the period particularly after the assumed introduction of mandatory set aside in Romania and Bulgaria in 2014. However, the accession of Bulgaria and Romania should not significantly change the trade perspectives of the EU.

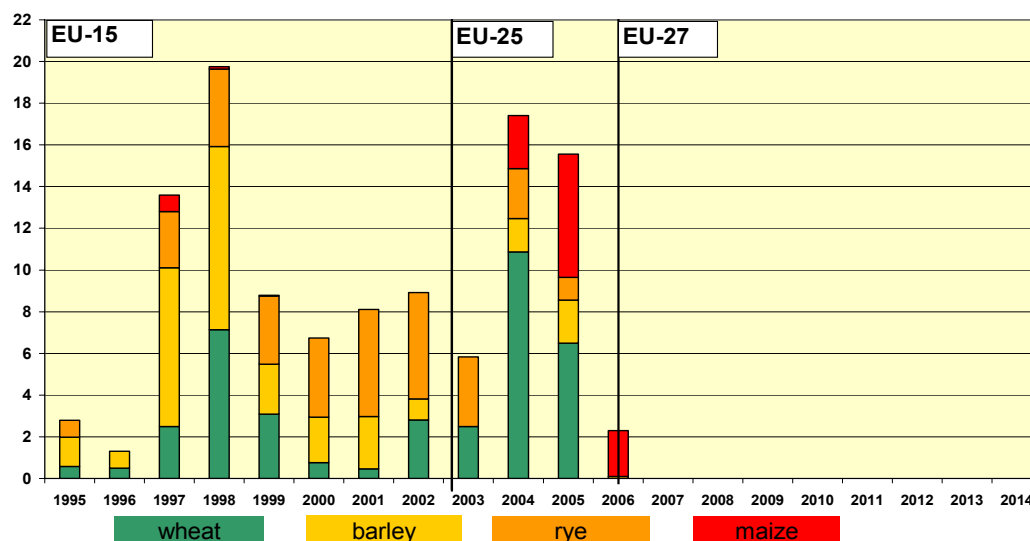
Cereal stocks in the EU should exhibit a marked fall at the end of the 2007/08 marketing year at 39 mio t, from 50 mio t in July 2007 (and 67 mio t in July 2006). They are expected to increase to 48 mio t at the end of 2008/09 thanks to the projected important 2008 harvest and to stabilise around that level in the EU-27 in the following years. In the last part of the projection period they are foreseen to gradually increase to 57 mio t. EU regions are expected to show rather favourable conditions with rapidly declining stocks thanks to the lower harvest in 2006 and in 2007 as well as expanding domestic use, lower yield growth and an increasing participation in world markets. The phasing-out of the maize intervention would significantly reduce the risks of structural surpluses in presence of high harvests in Hungary and Slovakia as well as Romania and Bulgaria over the medium term.

Graph 4 Development in cereal stocks and exports in the EU (mio t), 1995-2014

Public stocks of cereals fell from a peak of 17.4 mio t in 2004 to 14.6 mio t in 2005 and reached 2.3 mio t in 2006. The low harvest in 2007, the phasing-out of maize intervention as well as the supportive development of domestic demand and exports should leave the markets balanced with limited risks for public stocks.

These favourable projections remain subject to some uncertainties: higher than expected harvests, a slower economic growth and a more moderate development in the biofuel sector could all lead to a situation of increasing market intervention. Therefore, the medium-term outlook for EU cereal markets depends partly on policies in other sectors, most notably in the energy sector in Europe and the US.

In summary, the medium-term prospects for cereal markets for the EU-27 should remain positive as the impact of the CAP reform (including the phasing-out of maize intervention), the moderate prospects for yield growth, the emerging bioethanol market, the expected gradual integration of Bulgaria, Hungary, Slovakia and Romania into the single market and more favourable conditions on world markets should all combine to ensure the overall balance of cereal markets until 2014.

Graph 5 Composition of public stocks in the EU (mio t), 1995-2014

2.2. The EU oilseed markets

The medium-term prospects for the EU oilseed market are expected to be supported by the favourable developments projected for world markets (fuelled by continuous positive trends for global demand of vegetable oil) and - more importantly - the increasing demand for biodiesel in the EU. The recent growth in the use of rapeseed oil for biodiesel production has pushed up the market potential for rapeseed and rapeseed oil in Europe. The non-food use of rapeseed oil has now become more important than the food use.

These developments should provide further incentives for increasing rapeseed production as well as for increasing imports of rapeseed oil as observed in recent years. Rapeseed oil prices reached record levels in the last two years and are bound to further increase. Rapeseed prices on the other hand increased only modestly. One of the reasons for that is the shortage of crushing capacities in the EU. The recent increase of crushing facilities as well as the expected strongly increasing demand for biodiesel should lead to a better transmission of rapeseed oil and rapeseed meal prices to rapeseed prices than in the past. The projections include the recent trends in biodiesel demand and increase of production capacities until 2014. The expected ongoing trend of allocating crushing and biodiesel production capacities in the EU should lead to an increase of oilseed imports.

In 2006 oilseed area fell to around 7.5 mio ha of which 0.8 mio ha of oilseeds on set-aside land. The accession of Bulgaria and Romania adds a substantial production potential of 2 mio ha, most notably for sunflower seed. The high cereal prices should limit the expansion of oilseed area in the EU to 10.6 mio ha in 2014. The non-food oilseed area is expected to remain stable at 1 mio ha in 2014 due to the constraints imposed by the Blair House agreement (with a maximum of 1 mio t of soybean meal equivalent). From 2009 onwards the expansion of rapeseed area in the EU appears constrained by the rotational limits reached in most of its producing regions. New varieties of sunflower seed could widen market opportunities for biodiesel as well, though the yield potential of this oilseed seems limited due to the constraining water availability in the main producing regions.

Total oilseed production reached 20.4 mio t in 2006 in the EU-25. Romania and Bulgaria only added 2.1 mio t in 2007 owing to unfavourable climatic conditions. Production in the EU-27 is estimated to increase to 32.6 mio t by 2014 supported by the expansion in oilseed area and the strong growth in rapeseed yields (1.8% per year). Rapeseed production would account for most of the growth as sunflower and soybean seed production should remain relatively stable. Non-food oilseed production on set-aside land would also expand slightly from 2.3 mio t in 2007 to 3.5 mio t in 2014. Any further increase of non-food oilseed production on set-aside land remains constrained by the Blair House agreement which effectively limits the total oilseed production potential of the EU.

Domestic demand is foreseen to expand by a further 19 mio t between 2007 and 2014 to stand at 67.5 mio t (mainly for rapeseed, followed by soybeans). This increase of domestic use would be supported mainly by the growing biodiesel demand which would increase by 12 mio t to 21.4 mio t in 2014. Imports of rapeseed oil and biodiesel would rise as well as the blending with other vegetable oils over the projection period in order to meet domestic demand. However, most of the crushing would take place in the EU. The production of rapeseed in Ukraine and in Russia could develop to become a

viable source for imports. EU biodiesel production would double between 2007 and 2014.

3. MEAT AND LIVESTOCK

3.1.1. *Beef and veal*

EU-27 beef and veal production is expected to have decreased to 8.04 mio t in 2007 (-0.3%) driven by the continuously declining cattle herd and high feed prices. Calf slaughter for veal is estimated to have decreased in a number of Member States due to the decline in veal consumption (as consumers regained confidence in poultry following the impact of Avian Influenza) and higher feeding costs (due to the extraordinary hike in milk powder prices of 2007) leading to reduced profit-margins during the first semester of 2007.

Despite the increased imports into the EU-25 (+20%), EU-27 imports are expected to have declined by 5% in 2007 (to 588 000 t) as the accession of Bulgaria and Romania led to a significant reduction of extra-EU beef imports into these two countries. EU-27 meat exports have continued declining due to relatively high domestic prices and more intensive price competition on external markets. Extra-EU exports are expected to have declined to 114 000 t in 2007 (-38.6%) of which 40% without export refunds. Higher net imports would have outweighed the decrease in production, leading to a slight increase in EU-27 per capita beef and veal consumption by 0.2%.

A number of factors will play a role in the market situation over the short and medium term, such as the impact of higher milk producer prices on the dairy herd, the evolution of feed costs (subject to crop harvests) and the state of play as regards animal diseases. The outbreak of Blue-tongue disease in a number of north and central European Member States could potentially affect production (with an impact on live trade, mortality, reduced fertility, lower milk production, etc). The December 2007 decision to restrict Brazilian bovine meat exports to EU countries on the basis of failings in the Brazilian animal tracing system will also influence market developments, depending on the breadth and length of the restrictions on Brazilian exports⁴.

The main factors influencing the medium-term projections for the beef sector are the gradual decrease in the EU dairy herd and the impact of decoupling, which (combined with an increase in cereal feed prices) are projected to reduce the incentives toward intensive beef production systems and generally reduce production from unprofitable production systems, generating an overall decline in EU beef production.

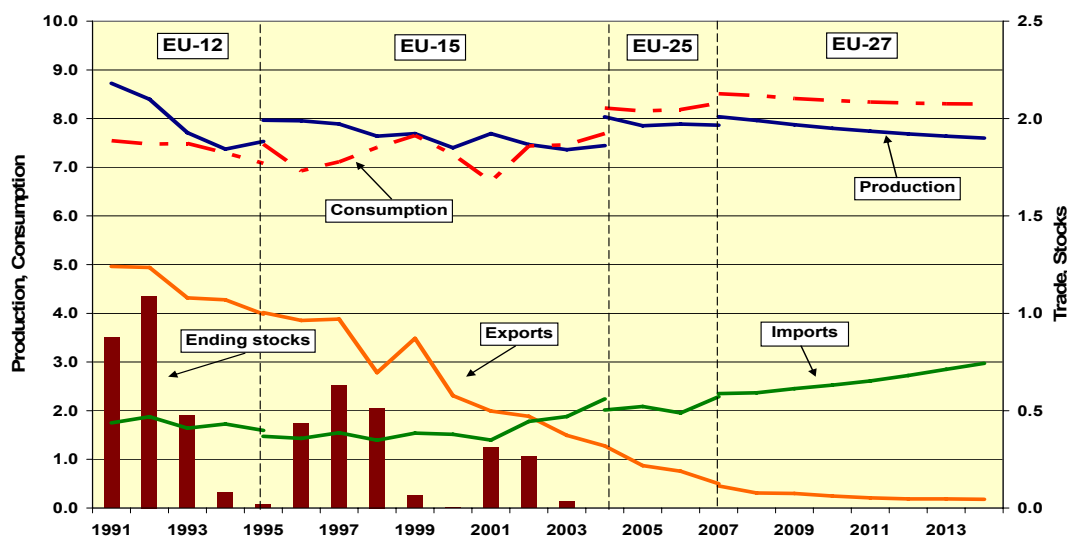
Market developments in the EU-12 will have a moderate impact on these projections as these Member States only contribute to around 10% of EU-27 beef and veal production and 9% of EU-27 consumption. Beef production in the EU-12 originates almost entirely from the dairy herd. In spite of the limited growth in suckler cow numbers observed in the past few years, the aggregated EU-10 and EU-2 beef herds would continue to represent a limited share of the total beef herd throughout the projection period.

EU-27 beef production is projected to decrease to 7.6 mio t by 2014, a reduction of 438 000 t from 2007. Overall EU beef consumption is projected to decline gradually over the medium term as the potential increase fuelled by rising income levels would be

⁴ As the market projections have been carried out in December 2007, the restrictions on Brazilian exports into the EU have not been taken account.

broadly offset by the sustained price increase for beef and by the low consumer preference for beef in the EU-10. A steady (albeit slightly declining) demand and tight domestic supply are expected to result in firm prices over the projection period attracting beef imports that are expected to resume their growth and reach 743 000 t by the end of the projection period⁵.

Graph 6 Beef meat market developments (mio t), 1991-2014



The declining pattern of extra-EU exports will continue over the medium term as exports are forecast to be constrained by low domestic availability and lower competitiveness on the world market (due to high internal prices versus low producer prices in the competing exporting countries). The abolition of export refunds for live animals for slaughter led to a decline in live animal exports in 2006 and 2007 which are projected to remain at low level throughout the forecast period.

3.1.2. Pig meat

EU-27 pig meat production is estimated to have increased to 22.14 mio t (+1.3%) in 2007, being at the peak of the pig cycle. Due to the effect of enlargement, extra-EU pig meat imports are expected to decrease remarkably (-71.5% to 30 000 t), while exports to third countries would reach around 1.3 mio t (-7.5%). The latter is explained by the former deliveries to EU-2 becoming intra-trade and as a consequence of higher competition on foreign markets (especially from Brazil on the Russian market and from the US and Canada in Asia). Overall pig meat consumption in 2007 would increase to around 20.9 mio t (+1.5%).

Over the medium term, the production of pig meat is expected to increase at a slower rate than in the nineties, due to the competition of poultry meat on the demand side and higher feed prices. EU-27 pig meat production is projected to reach around 22.7 mio t by 2014, an increase of 2.4% compared to 2007.

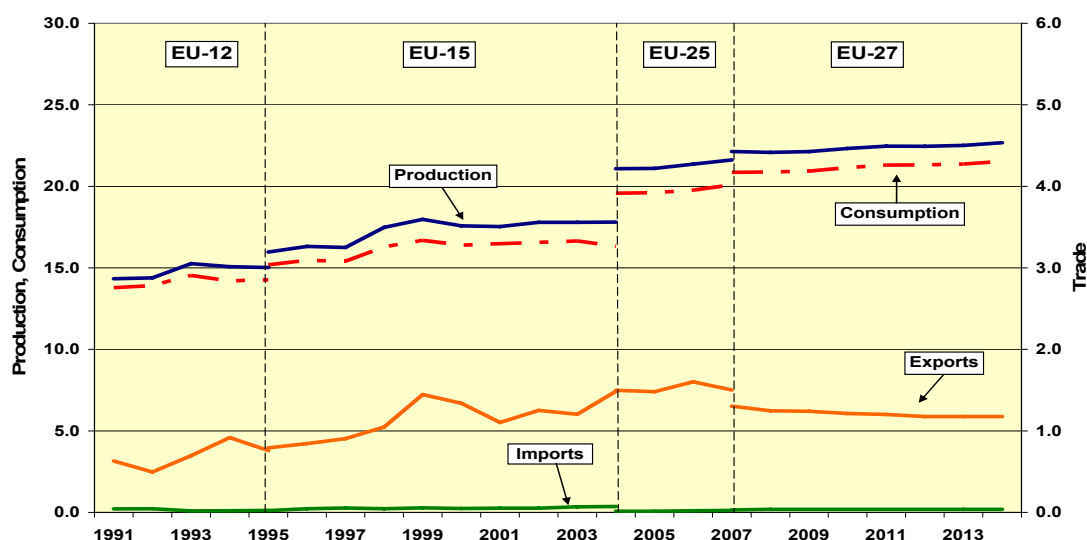
The medium-term outlook for pig meat consumption is positive as pig meat is likely to remain relatively favoured by EU consumers and thus EU-27 per capita pork consumption is projected to increase from 42.4 kg in 2007 to 43.4 kg by 2014, with a

⁵ Assuming no restrictions on Brazilian beef imports into the EU.

marked increase in the EU-12 (supported by sustained economic growth and higher purchasing power).

EU exports are not expected to be able to keep up with increasing competition from low-cost producing countries, which are further helped by the relative strength of the euro and the lower EU production growth, leading to declining exports over the medium term. On the other hand, EU intra-trade is expected to continue its expansion.

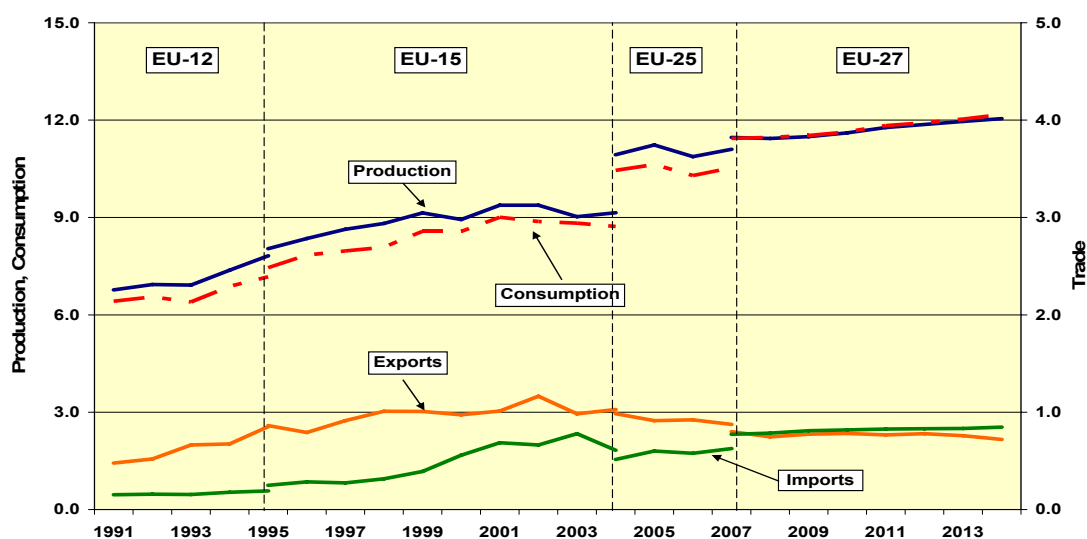
Graph 7 Outlook for the EU pig meat market (mio t), 1991-2014



3.1.3. Poultry

Despite the low production levels of the first semester, EU-27 production of poultry meat recovered partially from the impact of Avian Influenza and is estimated to have reached 11.5 mio t (+2.4%) in 2007. Limited first semester production, accompanied by increasing feed prices resulted in record high broiler prices over 2007. Extra-EU poultry meat exports have decreased to 800 000 t (-7.3%), while EU-27 imports have increased by 9.1% to 772 000 t with a significant increase in salted poultry meat. Consumption of poultry meat amounted to 11.4 mio t (+3.6%) in 2007.

Graph 8 Poultry meat market developments (mio t), 1991-2014



The medium-term outlook for the poultry sector remains relatively positive as competitive prices with respect to other meats, strong consumer preference and increased use in food preparations should continue to play in favour of poultry. EU-27 consumption is projected to increase from 11.4 mio t in 2007 to 12.2 mio t by 2014, driven by growing consumer preference in the EU-12 and a further recovery from the Avian Influenza in the EU-15.

EU-27 poultry exports are projected to decline gradually over the medium term due to strong competition on the world markets by low cost producers and unfavourable \$/€ and Brazilian Real/€ exchange rates. On the other hand the trade agreements concluded in 2007 with Brazil and Thailand on a new regime for imports into the EU would result in increased imports over the short term leading to the EU becoming a net importer of poultry meat from 2008 onwards.

3.1.4. Consumption eggs

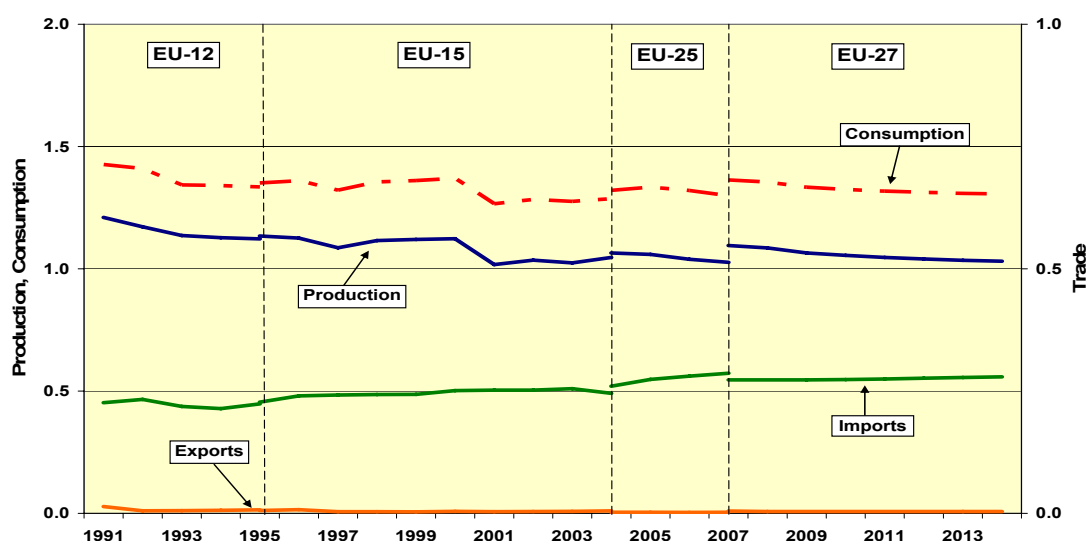
The prospects for EU egg production appear moderately positive. Overall production would stay fairly stable over the projection period mainly due to subsistence production. Production in the EU-27 would reach 7 mio t in 2009 and remain stable over the medium term. Consumption would see a slight increase from 6.8 to 7 mio t over the projection period. Exports would increase to 0.2 mio t in the short term and then decline over the medium term.

3.1.5. Sheep and goat meat

EU production in 2007 reflected the long-term trend of decreasing sheep herd combined with the effects of recent decoupling of ewe premiums, leading to a decrease of 1.1% (to 1.095 mio t). EU-27 consumption of sheep meat declined at a slightly lower rate (-0.9%) with imports remaining stable at 273 000 t.

The medium-term projections foresee a gradual decline in sheep and goat meat production, in line with past long-term trends and the continued impact of decoupling of ewe premiums in the major producing countries. Per capita consumption is expected to decline from 2.8 kg in 2007 to 2.6 kg in 2014 due to the relatively high price of sheep meat and lower consumer preference. Sheep and goat meat imports would remain stable.

Graph 9 Outlook for the EU sheep and goat meat market (mio t), 1991-2014



3.1.6. Overall meat consumption

Following the sharp fall in poultry consumption due to the highly pathogenic Avian Influenza scare and eventual outbreak that led to an overall decline in EU per capita meat consumption by 0.7 kg in 2006, a continued increase in pig meat consumption and strong recovery in poultry demand led to an estimated increase of 1.2 kg in total per capita consumption in 2007.

The medium-term perspectives for meat consumption remain positive for pig and poultry meats, while beef/veal and sheep/goat meat consumption is projected to follow a declining path.

The forecasts for the overall EU meat consumption that are presented in this document have been established without imposing any overall constraints and reflect the projections for the individual types of meat as presented in the previous sub-chapters. According to these projections, total meat consumption in the EU-27 is set to increase from 84.5 kg/capita in 2006 to around 87.2 kg/capita by the year 2014.

Pig meat per capita consumption is foreseen to increase by 3.6% from 2006 to 2014 and thus maintain its 50% share of total per capita meat consumption, while poultry is projected to increase by almost 9% and account for 28% of total per capita consumption. On the other hand, beef/veal and sheep/goat meat consumption are projected to decline by 3.5% and 6.2% respectively, reducing their combined market share by almost 2%.

3.1.7. World market perspectives

The medium-term perspectives for the meat markets would exhibit higher production, consumption and trade, generated by a favourable macro-economic environment of sustained economic growth and growing global incomes, population growth and changes in dietary pattern in most developing regions, which would account for around 80 % of the expected world consumption growth. Various production constraints in a number of countries would enable consumption to grow faster than production, leading to a higher dependency on meat imports and providing favourable export opportunities and particularly for low-cost producers of Latin America which would gain increasing shares in global meat trade.

A sustained rise in beef trade will be driven by income and population growth in Egypt, Mexico, and the Philippines, trade reversals of China and the EU and a recovery of demand from BSE in Japan and South Korea. On the exporting side, Brazil would account for most of the gains, capturing an increasing share of world beef exports.

The outlook for pig meat trade is projected to display a continuous expansion over the medium term, driven by strong import demand from South Korea, Taiwan, China and Mexico. Productivity growth, a favourable domestic policy environment and depreciating currency would enable Brazil to capture increasing market shares in price-sensitive markets and those less concerned about FMD.

Trade in poultry meat is expected to recover from Avian Influenza and exhibit an upward trend, with import growth driven by demand in East Asia, Saudi Arabia and Mexico. Russia would remain the largest importer of poultry meat. On the export side, a weak currency and low production costs would maintain Brazil's strong presence on the world market. Exports from the USA are foreseen to increase and Thailand is projected to regain market shares by shifting to cooked and higher value added products and as a consequence of the EU poultry TRQ regime.

4. MILK AND DAIRY PRODUCTS

4.1.1. Milk

For the **calendar year 2007** EU milk deliveries are expected to have remained slightly below 133 mio t (+0.1%) with a stable delivery level in the EU-15 and a limited increase in the EU-12. Deliveries declined considerably in June and remained below the 2006 level during the consecutive months, despite a steady increase in producer prices of milk during the second half of 2007⁶. This implies that – following a record undershoot of almost 2 mio t in the 2006/07 quota year - the **2007/08 quota year** could end with an even higher level of net undershoot for EU deliveries ranging between 2-3 mio t. The United Kingdom, Sweden, Finland and Hungary continue to show a production pattern which is structurally below quota. In France restrictions on quota reallocation have been relaxed in order to encourage a better use of production quotas.

A continued increase in milk producer prices could lead to a recovery of milk deliveries in 2008 that would also be encouraged by the last round of production quota increase for eleven countries of the EU-15 and further restructuring of the EU-12 dairy sector (with a greater share of milk produced being delivered to dairies).

The recent milk and dairy market developments observed over the past two years have a profound impact on the current medium-term perspectives for milk supply and dairy commodity markets, as they indicate that a few Member States are unlikely to increase production and fulfil their respective quotas, despite positive price incentives. EU-15 milk production is not foreseen to grow beyond the rate of the last quota increase of 2008/2009 as dairy quotas would become binding for most EU-15 Member States over the medium term. After a modest expansion over the short term, EU-27 milk production would decline gradually over the medium term to the level of 147.3 mio t in 2014, driven by a steady decline in subsistence production in the EU-12⁷ (although this decline would be more than compensated by the increase in deliveries).

While in the EU-15 Member States production remains closely linked to milk quotas as on-farm consumption (which is not governed by quotas) only plays a minor role, the on-farm use of milk and direct sales are still very important in a number of EU-12 Member States, accounting for almost 22% of total production in the EU-10 and above 73% in the EU-2. Over the projection period, subsistence production is expected to decline gradually due primarily to the projected positive development of rural economies and social security systems after enlargement, which should provide viable economic alternatives to subsistence farmers. These developments are forecast to trigger a decline in subsistence milk production, leading to a gradual, though modest reduction of total milk production over the medium term. In 2014 EU-10 would account for 21.6 mio t and EU-2 for 5.5 mio t of milk production. At the same time the rate of milk delivered to dairies for processing is foreseen to continue expanding over the projection period.

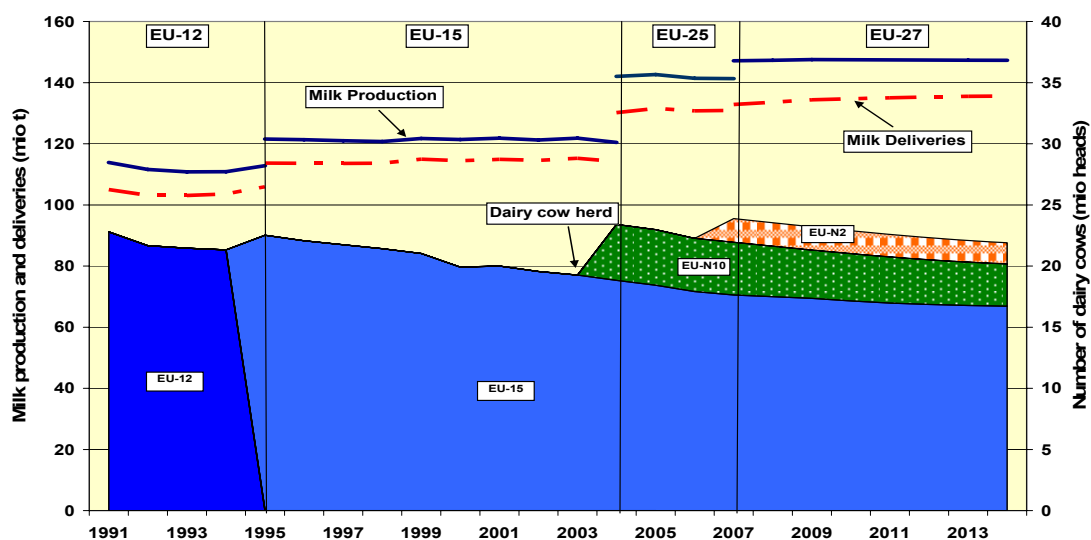
The EU-27 dairy herd is projected to decline from around 24 mio heads in 2007 to approximately 22 mio animals by 2014, mainly driven by strong reductions in the EU-12 due to continued restructuring of the dairy sector.

⁶ Information that became available following the current market projections indicate a recovery in the volumes of milk delivered to dairies during the months of December 2007-February 2008 implying that producers have started responding to the increased milk producer price (in particular in France).

⁷ The current projections do not take into account the proposed 2% quota increase in 2008.

The average milk yield in the enlarged European Union is foreseen to reach 6.7 t/dairy cow in 2014 compared to the 6.2 t/dairy cow in 2007 (with yields 25% lower in the EU-10 and 54% lower in the EU-2 compared to the EU-15 level, though this gap is projected to narrow over the medium term) as a consequence of further efficiency gains and the aforementioned restructuring in the EU-12.

Graph 10 Outlook for the EU milk production, deliveries and dairy herd, 1991-2014



4.1.2. Dairy commodities

The strong domestic and world demand for dairy products, coupled with a limited (global) supply has led to unprecedented price increases for all dairy products during 2007, creating strong competition for raw milk among the dairy products within the EU. Butter production is estimated to have increased by 1.3% to slightly above 2.1 mio t in 2007. Cheese production continued to increase, albeit at a lower rate than in 2006. The production of skimmed milk powder is expected to have increased above 0.9 mio t, whereas whole milk powder output has remained stable. Despite the elimination of export refunds at the end of June 2006, SMP exports have increased significantly. Cheese exports, for which refunds were eliminated in mid-June 2007, recorded also an increase.

Domestic prices for butter and skimmed milk powder remained well above the intervention buying-in price throughout 2007. At their peak level the SMP and butter prices were 117% and 70% above the intervention price level respectively. A similar trend was observed for whole milk powder prices, while cheese prices remained relatively stable during the first semester before starting to increase over the summer. This market environment allowed for the elimination of intervention stocks for butter and the setting to zero of export refunds for all dairy products as well as of all disposal aids for butter, casein production and animal feed⁸.

⁸ Introduced between the period June 2006 – June 2007.

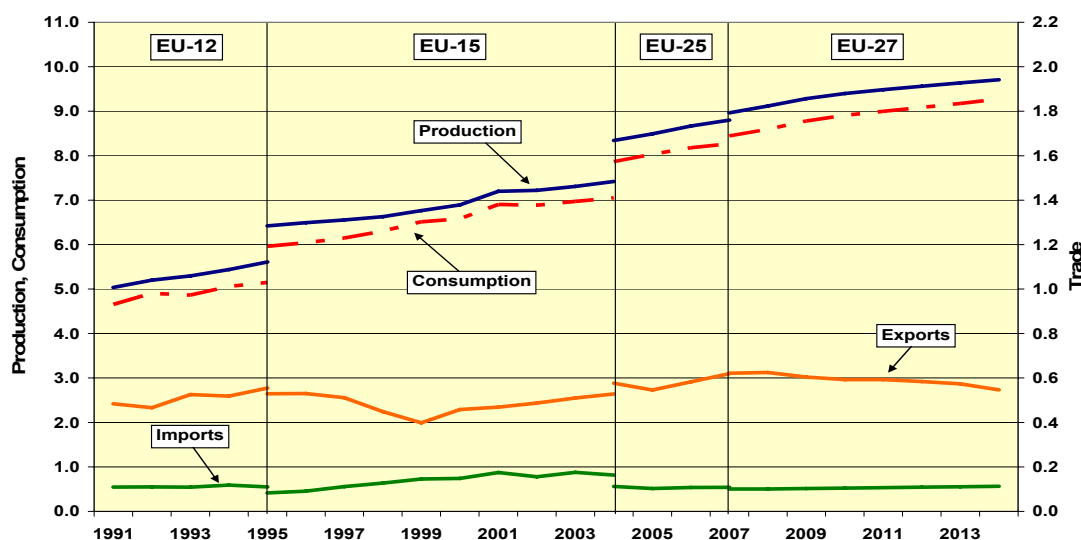
4.1.2.1. Cheese

EU-27 cheese production is expected to expand further over the medium term by 8% altogether between 2007 and 2014 mainly driven by continued strong increases in the EU-12. The projected increase would constrain the expansion of the production of bulk dairy products: the additional 743 000 t of cheese that are expected to be produced during the period 2007-2014 (representing roughly 4.1 mio t of milk) would outweigh the projected increase in milk delivered (+2.8 mio t) over the same period, reducing the amount of milk available for the production of bulk dairy products like butter and SMP.

The medium-term outlook for EU-27 cheese consumption remains positive, although the rate of increase is expected to be lower than in past decades, notably for the EU-15 Member States, with per capita consumption in the EU-27 rising from 17.2 kg in 2007 to about 18.8 kg by 2014. The increase will be faster in the EU-12 where per capita cheese consumption is projected to grow by 37% over the projection period, in line with increasing disposable income and expected changes in dietary patterns towards branded dairy products and processed food products (where cheese is an important ingredient).

Even with the gradual reduction of export refunds to zero for cheese during the first half of 2007, extra-EU-27 exports are forecast to increase further over the short term, but over the medium term, the steady growth in domestic consumption is expected to absorb most of the increase in cheese production, limiting the availabilities for cheese exports, which are projected to decline gradually to 547 000 t. Imports are projected to expand slightly, due to better use of preferential import quotas and the effect of trade liberalisation between the EU and Switzerland as of June 2007.

Graph 11 Outlook for the EU cheese market (mio t), 1991-2014



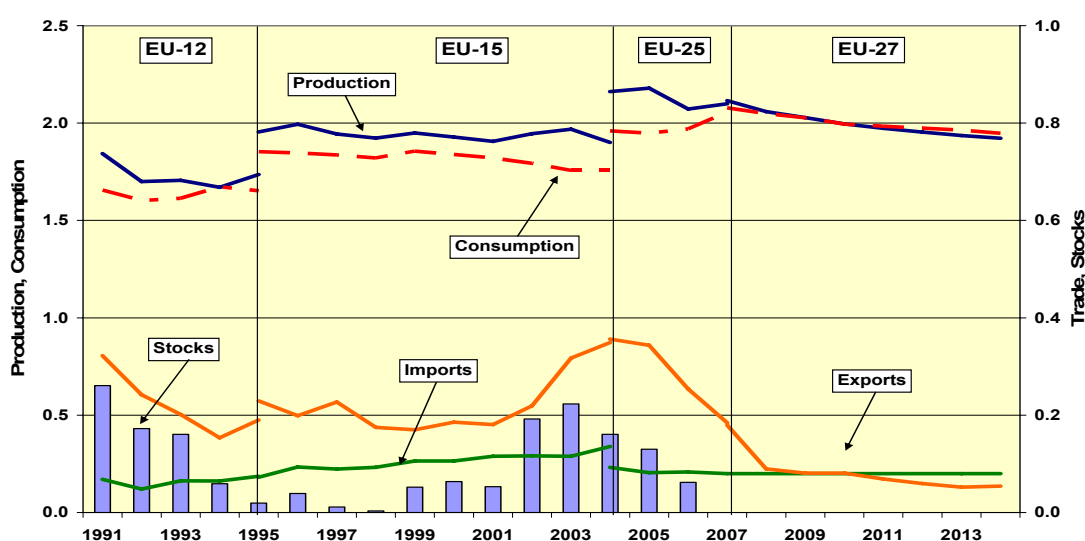
4.1.2.2. Butter

Following a slight recovery in 2007 driven by the **increase in EU butter prices**, EU-27 butter production is projected to return to its declining path over the medium term as the projected increase in the production of higher value-added dairy products would outweigh the increase in milk deliveries, leading to limited availabilities of milk fat for butter production. EU-27 butter production is expected to decline to 1.9 mio t in 2014 from 2.1 mio t in 2007 (-9%).

Despite some signs of stabilisation over the most recent years, overall EU-27 butter consumption is projected to follow a declining trend, partly as a consequence of the reduction of the level of disposal aids for butter to zero. Previously, almost 25% of butter consumption benefited from aid to consumption (e.g. butter destined to the pastry industry). Projections for per capita consumption are set at around 4 kg by 2014, compared to the current level of 4.2 kg (2.4 kg in the EU-12).

EU butter exports are projected to fall further over the medium term by 70% on aggregate, in line with decreasing EU butter production. Imports, most of which fall within the New Zealand import quota at preferential tariffs (76 700 t), are projected to stagnate over the medium-term. This implies that the EU butterfat surplus will disappear as exports will decline below the level of imports from 2009 onwards. The projected market developments throughout the forecast period mean that intervention stocks will remain empty until the end of 2014.

Graph 12 Butter market developments (mio t), 1991-2014

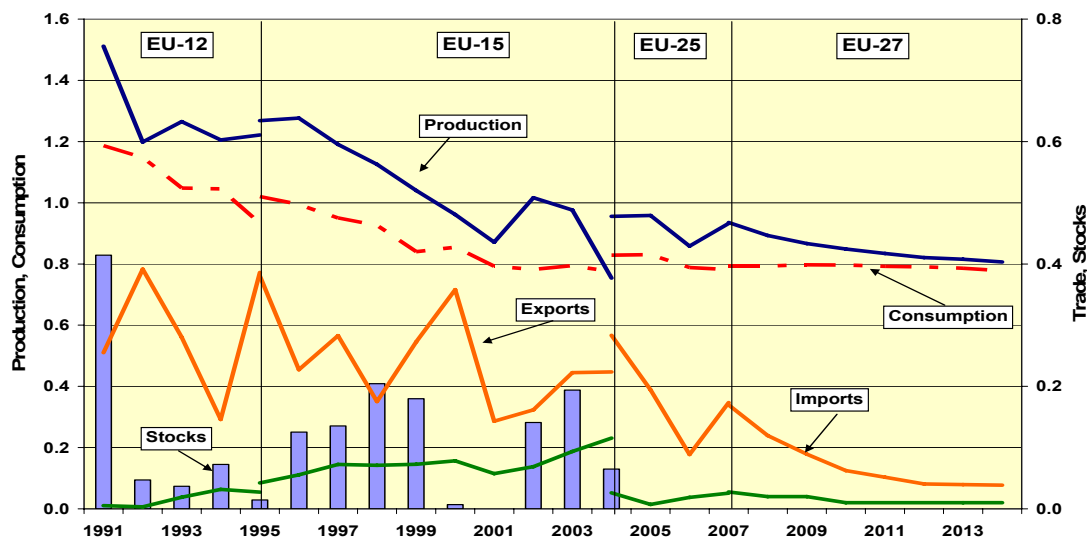


Domestic prices are projected to remain firm and well above the intervention price throughout the medium term as the decline in supply would outpace the steady fall in demand. The gap between domestic price and world market price is projected to remain and should not allow for exports to take place without export refunds.

4.1.2.3. Skimmed milk powder

The medium-term developments show a return to a downward trend for SMP production which is projected to decline by 14% as compared to the 2007 level. Internal demand is expected to remain firm throughout most of the projection period at around 790 000 t and to decline only over the longer term. SMP exports are expected to decline over the forecast period as the lower production level combined with stable domestic demand would limit the availabilities for exports. As such the market for SMP is expected to remain balanced throughout the projection period with no necessity for intervention buying-in. Domestic prices are projected to remain well above intervention price levels as a consequence of shrinking protein availabilities and a firm demand.

Graph 13 SMP market developments (mio t), 1991-2014



4.1.3. World market perspectives

The increasing global demand for dairy products coupled with a limited growth of supply from exporting countries have led to a sharp and unprecedented rise in world dairy commodity prices in 2007. The high prices should attract production expansion over the short-term, leading to a decline in dairy commodity prices over the short-term that would yet remain on a higher plateau than compared to the pre-2007 period.

The medium-term outlook for the dairy sector would remain dominated by continued expansion in global demand for dairy products, driven by income and population growth in many regions of the world, and by changes in consumer preferences towards dairy products. Demand growth is projected to be strongest in the non-OECD zone, most notably in Southeast Asia, the Far East and North Africa.

A significant part of this increasing demand is expected to be met by domestic production, as world milk production would increase over the medium term, with the most rapid expansion taking place in China, India and the Americas.

Australia and New Zealand are projected to expand their combined market share in butter and WMP exports, while the USA and India are expected to substantially increase SMP exports. Ukraine would remain an important exporter of cheese, with export quantities highly dependant on Russian imports, that are expected to increase over the medium term. India would account for most of global butter production and capture an increasing market share.

5. AGRICULTURAL INCOME

The medium-term perspectives for the income of the agricultural sector have been compiled on the basis of the medium-term projections for the main agricultural markets and of the economic accounts for agriculture, which constitute the statistical basis of the income measure⁹.

⁹ Agricultural income is defined as the factor income of the agricultural sector (formerly the net value added at factor cost), expressed in real terms and per annual work unit.

Whereas the medium-term changes in the price and volume components of the arable crops and most animal sectors have been established in line with the market projections, those of the other agricultural sectors –mainly fruit, vegetables, wine and olive oil- have been assumed to follow historical trends.

The subsidy component of agricultural income has been established on the basis of:

- the estimated direct payments for the period 2005-2013 (single payment scheme and other direct payments as provided for in Reg. 1782/2003 – 1788/2003 as amended after the enlargement and the successive reform packages);
- the rural development component from the EAGGF (Guidance and Orientation) as given for the 2000-2006 period for the EU-15, for the 2004-2006 period for the EU-10 and in the financial perspectives as decided by the Commission for the 2007-2013 period for the EU-27. Only the current transfers to agricultural producers as other subsidies on production have been accounted for in the income calculation (thus excluding all the capital grants and investment aids as well as the support to operators outside agriculture). Member States have been assumed to fully use the rural development funds available to them (including the co-financing component of rural development funds);
- the main provisions of the Act of Accession regarding direct payments for the EU-10 and EU-2 (progressive introduction, SAPS and the complementary national direct payments (CNDPs or “top-ups”)) have been accounted for and the possibility for financing the CNDP from the national budget or from co-financing with rural development EU funds has been taken into account where relevant. In this respect Member States respect the upper limit on the financial envelopes. In this respect.

On the basis of these hypotheses, the medium-term projections for income display a rather favourable outlook as EU-27 agricultural income would grow by 18% between 2006 and 2014 in real terms and per labour unit. However, this overall gain would mask marked differences between EU-15, the EU-10 and EU-2.

Relative to the EU-12, agricultural income in the EU-15 would show a more moderate development over the period 2006-2014 driven by the increasing value of crops, beef, poultry and milk, and supported by the expected continuation of the growth in the value of fruit and vegetables. The reduction in total agricultural labour input for EU-15 is assumed to stabilise at the historical trend of around 2.3% per year on average over the projection period. Consequently, agricultural income, when expressed in real terms and per labour unit (i.e. full-time equivalent), is projected to increase by 7.1% between 2006 and 2014.

Agricultural income in the EU-10 is foreseen to display a more pronounced picture with agricultural income steadily rising to exhibit a 31.2% increase by 2014. The value of agricultural production would show a gradual increase over the baseline period, driven by increasing crop, poultry, milk and beef values and assuming a further increase in the value of fruit and vegetables production.

Income growth will be supported by the continuing rise in the funds granted to agricultural producers in the EU-10, with the available funds being directed to the agricultural sector in the form of direct payments and national top-ups and rural

development funds, which would aim at facilitating and promoting the restructuring and modernisation of the agricultural sector and the rural areas¹⁰.

The agricultural labour input in the EU-10 countries is assumed to fall by 3.5% on annual average over the forecast period in line with the restructuring of the agricultural sector. This rapid fall in labour force would boost the rise in agricultural income: whereas farm income in real terms would increase by 3% from 2006 to 2014, it would expand by 31% between 2006 and 2014 when expressed per labour unit.

Table 2 Outlook for agricultural income for EU-27, 2005 – 2014

	2005	2006	2008	2009	2010	2011	2012	2013	2014
Factor income in nominal terms									
EU-27	97.0	100.0	109.3	108.2	109.1	109.0	108.2	108.7	108.5
EU-15	97.1	100.0	108.4	106.3	106.2	105.5	104.3	104.4	103.6
EU-10	95.0	100.0	114.1	119.3	128.2	131.4	131.1	133.2	136.9
EU-2	98.2	100.0	117.0	120.3	124.8	130.1	135.1	139.4	141.7
Labour input									
EU-27	102.1	100.0	94.8	91.7	88.6	85.7	82.9	80.2	77.6
EU-15	101.7	100.0	95.0	92.9	90.7	88.6	86.6	84.6	82.7
EU-10	102.5	100.0	96.9	93.5	90.2	87.1	84.0	81.1	78.2
EU-2	102.2	100.0	92.1	87.5	83.1	79.0	75.0	71.3	67.7
Agricultural income in real terms per labour unit									
EU-27	96.9	100.0	110.3	110.6	113.0	114.3	114.9	116.9	118.1
EU-15	97.3	100.0	109.4	107.7	108.0	107.7	106.9	107.4	107.1
EU-10	95.3	100.0	109.8	114.8	123.3	126.2	125.9	127.7	131.2
EU-2	98.2	100.0	121.9	130.4	141.1	153.2	165.1	177.0	187.6

Agricultural income in the EU-2 is foreseen to display a positive development, steadily rising to exhibit an 87.6% increase by 2014. The value of agricultural production would increase over the baseline period, driven by increasing crop production values driven by higher maize and wheat volumes and prices alike. Beef, pork and milk production values would decline, while the value of poultry production would increase over the medium term due to increasing volumes. Similarly to the EU-25, the favourable development in value of production depends greatly on the assumed continuation of growing forage, fruit and vegetable production values that have exhibited considerable growth (72% on aggregate) between 1998 and 2006.

Higher input prices would dampen the increase in production value, but the growth in subsidies after accession to the EU would facilitate a significant increase in factor income that would expand by 41.7% in nominal terms by 2014. Assuming a gradual decline in farm labour at the rate of 5 %, factor income in real terms and per labour unit is projected to increase 87.6% by 2014¹¹.

¹⁰ In this framework it should be mentioned that these projections do not fully take into account the multiplier effect of the funds granted as capital transfers on the future growth of the rural and agricultural economies.

¹¹ The rate of growth presented in this baseline assumes a stable macroeconomic environment in the EU-12 throughout the baseline period. The eventual development in factor income in real terms will highly depend on the actual macroeconomic conditions (and in particular currency appreciation/depreciation, GDP deflation and GDP growth) that could alter the current favourable outlook and limit the possibility to absorb labour outflow from the farm sector.

The contribution of the EU-12 to the overall EU-27 farm income (in real terms) would nevertheless remain rather limited at around 10% for the EU-10 and 7% for the EU-2 in 2014, in line with the low productivity levels in these Member States.

Table A.1 Total cereals market projections for the European Union, 2004-2014 (mio t)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Usable production	286.2	253.1	242.3	256.0	294.4	288.2	293.6	297.6	300.7	303.9	305.7
of which EU-15	223.4	195.0	192.4	193.0	210.3	204.8	207.5	210.2	211.5	212.4	214.1
EU-10	62.8	58.1	50.0	52.1	59.1	58.4	60.3	60.7	62.6	64.6	64.5
EU-2				10.9	25.0	25.0	25.8	26.7	26.6	26.9	27.2
of which non-food set aside	0.0	0.0	0.0	0.0	0.0	1.7	1.8	6.5	6.4	6.4	8.5
Consumption	243.0	246.9	247.4	265.6	270.6	271.7	272.9	275.5	278.7	282.9	285.5
of which food and industrial	78.4	76.9	78.6	86.6	87.9	88.0	88.1	88.1	88.2	88.3	88.3
of which feed	153.2	154.9	153.7	165.2	166.5	167.8	167.9	168.6	168.8	168.6	168.5
of which bioenergy	0.7	2.7	2.5	1.9	4.8	4.5	5.5	7.5	10.3	15.7	18.4
of which EU-15	190.8	198.0	199.3	200.1	199.6	201.0	202.3	205.2	208.5	213.0	215.9
EU-10	52.2	48.9	48.2	48.3	48.7	48.6	48.5	48.2	47.9	47.5	47.3
EU-2				17.2	22.3	22.1	22.2	22.2	22.2	22.3	22.3
Imports	10.1	9.9	10.9	16.9	11.6	9.9	9.3	9.0	9.3	10.4	11.0
Exports	23.3	23.5	21.7	18.0	27.7	28.2	29.0	29.7	28.8	28.2	28.9
Beginning stocks	44.3	74.4	67.0	51.0	40.4	48.0	46.1	47.1	48.5	51.0	54.2
Ending stocks	74.4	67.0	51.0	40.4	48.0	46.1	47.1	48.5	51.0	54.2	56.6
of which intervention	17.4	15.6	2.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which EU-15	11.8	5.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which EU-10	5.6	9.6	2.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which EU-2				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

EU-10: Ten new Member States

EU-2: Bulgaria and Romania

Table A.2 Total wheat market projections for the European Union, 2004-2014 (mio t)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Usable production	136.0	123.3	116.9	122.4	142.0	138.1	140.4	142.0	143.1	144.8	145.6
of which EU-15	111.6	101.4	98.8	97.0	108.8	105.0	106.6	108.3	108.6	108.7	109.9
EU-10	24.4	21.9	18.1	20.7	23.6	23.5	23.9	23.8	24.6	26.0	25.7
EU-2				4.7	9.7	9.7	9.8	9.9	9.9	10.2	10.0
of which non-food set aside	0.0	0.0	0.0	0.0	0.0	1.3	1.3	4.8	4.7	4.7	5.7
Consumption	115.7	117.0	116.4	120.8	125.8	127.6	128.6	130.7	133.5	137.4	139.6
of which food and industrial	55.2	54.5	56.4	61.3	62.8	63.0	63.0	63.1	63.2	63.3	63.3
of which feed	54.7	55.0	53.3	52.5	54.9	56.8	57.2	58.1	59.0	59.7	60.3
of which bioenergy	0.5	1.4	1.0	1.1	2.5	2.4	2.9	4.1	6.1	9.1	10.7
of which EU-15	96.6	99.7	99.0	97.7	100.7	102.7	103.7	105.7	108.5	112.1	114.2
EU-10	19.1	17.3	17.4	16.2	17.6	17.5	17.5	17.4	17.4	17.4	17.5
EU-2				6.9	7.5	7.4	7.5	7.5	7.7	7.9	8.0
Imports	7.4	6.7	5.0	7.2	7.7	6.4	5.8	5.8	6.1	7.2	7.8
Exports	13.7	15.1	13.1	10.0	16.8	18.7	18.9	18.0	16.0	15.2	15.0
Beginning stocks	15.1	29.0	26.9	19.3	18.1	25.2	23.5	22.2	21.3	20.9	20.4
Ending stocks	29.0	26.9	19.3	18.1	25.2	23.5	22.2	21.3	20.9	20.4	19.1
of which intervention	10.9	6.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which EU-15	8.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which EU-10	2.9	3.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which EU-2				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

EU-10: Ten new Member States

EU-2: Bulgaria and Romania

Table A.3 Total coarse grain projections for the European Union, 2004-2014 (mio t)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Usable production	150.2	129.8	125.5	133.6	152.3	150.1	153.2	155.6	157.6	159.1	160.2
of which EU-15	111.8	93.6	93.6	96.0	101.5	99.8	100.8	101.9	102.9	103.7	104.2
EU-10	38.4	36.2	31.9	31.4	35.5	34.9	36.4	36.9	38.0	38.6	38.8
EU-2				6.2	15.3	15.3	16.0	16.8	16.7	16.8	17.2
of which non-food set aside	0.0	0.0	0.0	0.0	0.0	0.4	0.4	1.7	1.7	1.7	2.7
Consumption	127.3	129.9	131.1	144.7	144.8	144.2	144.3	144.8	145.1	145.5	145.9
of which food and industrial	23.3	22.4	22.2	25.3	25.1	25.0	25.0	25.0	25.0	25.0	25.0
of which feed	98.5	99.9	100.4	112.7	111.6	111.0	110.6	110.5	109.8	108.9	108.2
of which bioenergy	0.2	1.3	1.5	0.8	2.3	2.2	2.6	3.3	4.3	6.6	7.7
of which EU-15	94.1	98.4	100.3	102.4	98.9	98.4	98.6	99.4	100.1	100.9	101.7
EU-10	33.1	31.6	30.8	32.1	31.1	31.1	31.0	30.8	30.5	30.1	29.9
EU-2				10.3	14.8	14.7	14.7	14.6	14.6	14.4	14.3
Imports	2.7	3.2	5.9	9.7	3.9	3.4	3.5	3.2	3.2	3.2	3.2
Exports	9.5	8.4	8.6	8.0	10.8	9.5	10.1	11.7	12.8	13.0	13.8
Beginning stocks	29.3	45.4	40.0	31.7	22.3	22.8	22.6	24.9	27.2	30.0	33.8
Ending stocks	45.4	40.0	31.7	22.3	22.8	22.6	24.9	27.2	30.0	33.8	37.5
of which intervention	6.6	9.1	2.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which EU-15	3.8	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which EU-10	2.8	6.2	2.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which EU-2				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

EU-10: Ten new Member States

EU-2: Bulgaria and Romania

Table A.4 Soft wheat market projections for the European Union, 2004-2014 (mio t)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Usable production	124.3	114.7	108.5	114.7	132.4	128.3	130.5	132.1	133.2	135.0	135.9
of which EU-15	99.9	92.9	90.5	89.3	99.3	95.3	96.9	98.4	98.8	99.0	100.4
EU-10	24.3	21.8	18.0	20.7	23.5	23.4	23.8	23.7	24.5	25.9	25.6
EU-2				4.7	9.6	9.6	9.8	9.9	9.9	10.1	10.0
of which non-food set aside	0.0	0.0	0.0	0.0	0.0	1.3	1.3	4.8	4.7	4.7	5.7
Consumption	104.6	107.2	106.4	111.1	115.7	117.5	118.6	120.7	123.5	127.4	129.7
of which food and industrial	46.5	46.3	47.7	52.7	54.0	54.1	54.2	54.2	54.3	54.3	54.4
of which feed	53.1	54.1	52.6	51.9	54.3	56.2	56.7	57.6	58.5	59.2	59.9
of which bioenergy	0.5	1.4	1.0	1.1	2.5	2.4	2.9	4.1	6.1	9.1	10.7
of which EU-15	86.1	90.1	89.2	88.2	90.8	92.8	93.9	96.0	98.7	102.3	104.4
EU-10	18.5	17.1	17.2	16.0	17.4	17.3	17.3	17.2	17.2	17.2	17.3
EU-2				6.9	7.5	7.4	7.4	7.5	7.6	7.8	8.0
Imports	5.8	4.7	3.2	4.7	4.7	4.7	4.7	4.7	5.0	6.0	6.5
Exports	12.3	14.0	11.9	9.0	15.8	17.7	17.9	17.0	15.0	14.2	14.0
Beginning stocks	12.3	25.4	23.7	17.1	16.3	22.0	19.8	18.5	17.6	17.2	16.6
Ending stocks	25.4	23.7	17.1	16.3	22.0	19.8	18.5	17.6	17.2	16.6	15.4
of which intervention	10.9	6.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which EU-15	8.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which EU-10	2.9	3.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which EU-2				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

EU-10: Ten new Member States

EU-2: Bulgaria and Romania

Table A.5 Barley market projections for the European Union, 2004-2014 (mio t)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Usable production	60.9	52.7	54.6	57.3	57.8	56.4	58.0	58.7	59.3	59.2	59.6
of which EU-15	51.2	43.2	46.3	46.7	47.4	46.8	47.3	47.9	48.3	48.7	48.9
EU-10	9.7	9.5	8.3	9.3	8.8	8.0	9.1	9.2	9.3	9.0	9.1
EU-2				1.3	1.6	1.6	1.6	1.6	1.6	1.5	1.6
of which non-food set aside	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Consumption	48.2	48.2	51.5	51.9	51.4	50.7	50.9	50.8	50.7	50.5	50.3
of which food and industrial	8.8	8.3	8.3	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4
of which feed	36.3	36.4	39.1	39.2	38.5	37.8	37.9	37.7	37.6	37.5	37.2
of which bioenergy	0.2	0.7	0.7	0.5	0.8	0.8	0.9	0.9	0.9	0.9	0.9
of which EU-15	39.1	39.5	42.6	39.8	40.0	39.4	39.6	39.6	39.6	39.7	39.6
EU-10	9.1	8.6	8.9	9.8	9.0	8.9	8.9	8.8	8.7	8.5	8.4
EU-2				2.3	2.4	2.4	2.4	2.4	2.4	2.4	2.3
Imports	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Exports	6.7	5.8	6.3	6.0	6.6	7.1	7.4	8.3	8.9	9.0	9.6
Beginning stocks	7.8	14.2	13.2	10.3	10.0	10.2	9.0	9.1	9.1	9.1	9.1
Ending stocks	14.2	13.2	10.3	10.0	10.2	9.0	9.1	9.1	9.1	9.1	9.1
of which intervention	1.6	2.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which EU-15	1.2	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which EU-10	0.4	0.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which EU-2				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

EU-10: Ten new Member States

EU-2: Bulgaria and Romania

Table A.6 Maize market projections for the European Union, 2004-2014 (mio t)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Usable production	53.1	48.0	43.9	45.7	61.8	60.8	61.9	63.9	65.1	66.5	67.3
of which EU-15	41.0	35.0	32.2	33.7	37.3	36.4	36.7	37.1	37.5	37.9	38.2
EU-10	12.1	13.0	11.7	7.5	11.3	11.2	11.3	12.1	13.0	13.8	14.0
EU-2				4.5	13.3	13.3	13.9	14.7	14.6	14.7	15.2
of which non-food set aside	0.0	0.0	0.0	0.0	0.0	0.4	0.4	1.7	1.7	1.7	2.7
Consumption	46.2	50.4	48.5	60.8	61.4	61.9	62.5	63.4	64.0	64.6	65.3
of which food and industrial	8.4	7.9	7.7	9.7	9.4	9.4	9.4	9.4	9.4	9.4	9.4
of which feed	37.5	40.3	38.3	49.6	48.7	49.9	48.6	47.3	48.3	47.0	48.8
of which bioenergy	0.0	0.6	0.7	0.3	1.5	1.4	1.7	2.4	3.4	5.7	6.8
of which EU-15	37.7	41.9	40.0	44.7	41.0	41.4	41.9	42.8	43.6	44.5	45.3
EU-10	8.5	8.6	8.5	8.7	8.7	8.9	8.9	8.9	8.8	8.7	8.6
EU-2				7.4	11.8	11.6	11.6	11.7	11.6	11.5	11.4
Imports	2.1	2.5	5.2	9.0	3.2	2.7	2.8	2.5	2.5	2.5	2.5
Exports	1.7	2.0	1.7	1.7	3.9	2.0	2.2	2.8	3.3	3.5	3.7
Beginning stocks	12.2	19.5	17.5	16.4	8.6	8.4	8.1	8.1	8.3	8.6	9.5
Ending stocks	19.5	17.5	16.4	8.6	8.4	8.1	8.1	8.3	8.6	9.5	10.3
of which intervention	2.5	5.9	2.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which EU-15	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which EU-10	2.3	5.8	2.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which EU-2				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

EU-10: Ten new Member States

EU-2: Bulgaria and Romania

Table A.7 Total oilseed market projections for the European Union, 2004-2014 (mio t)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Usable production	17.4	19.7	20.4	24.0	23.6	28.2	28.6	29.5	30.3	31.2	32.6
of which EU-15	12.5	15.3	15.2	16.2	14.5	19.3	19.9	20.3	21.1	22.0	23.0
EU-10	4.9	4.4	5.2	5.6	5.0	4.8	4.6	5.0	5.0	5.0	5.2
EU-2				2.1	4.1	4.1	4.1	4.2	4.2	4.2	4.4
of which non-food set aside	1.8	2.8	2.6	2.3	0.0	2.8	2.9	3.3	3.4	3.4	3.5
Consumption	36.6	43.4	46.2	48.7	50.3	55.4	57.5	59.8	62.3	65.6	67.5
of which bioenergy	4.6	7.5	8.2	9.2	12.4	17.0	17.7	18.4	19.4	21.0	21.4
of which EU-15	34.2	40.1	42.6	42.0	43.7	48.8	51.0	53.2	55.8	59.0	61.0
EU-10	2.4	3.3	3.6	3.8	3.7	3.7	3.6	3.6	3.6	3.6	3.5
EU-2				2.9	2.9	2.9	2.9	3.0	3.0	3.0	3.0
Imports	20.7	24.3	26.3	28.6	27.3	28.9	30.2	31.6	33.1	35.2	35.8
Exports	1.2	0.6	0.5	2.4	0.3	0.8	0.9	0.9	0.5	0.3	0.5
Beginning stocks	7.6	8.0	8.0	8.0	9.5	9.8	10.7	11.0	11.5	12.0	12.6
Ending stocks	8.0	8.0	8.0	9.5	9.8	10.7	11.0	11.5	12.0	12.6	13.0

EU-10: Ten new Member States

EU-2: Bulgaria and Romania

Table A.8 Area under arable crops and set-aside in the EU, 2004-2014 (mio ha)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Cereals (1)	52.4	54.7	50.1	56.6	60.3	59.2	59.5	58.5	58.8	59.1	58.9
of which EU-15	36.9	36.0	34.9	34.8	37.0	36.0	36.1	36.3	36.3	36.2	36.3
EU-10	15.5	18.7	15.2	15.4	15.7	15.8	15.8	15.0	15.0	15.3	15.3
EU-2				6.5	7.6	7.5	7.5	7.2	7.5	7.5	7.3
Soft wheat	19.7	19.8	18.6	22.1	23.2	22.3	22.4	21.8	21.8	22.0	21.8
Durum wheat	3.9	3.5	3.0	2.9	3.8	3.9	3.9	3.9	3.9	3.8	3.7
Barley	12.9	13.1	13.8	13.6	13.7	13.6	13.6	13.6	13.6	13.7	13.7
Maize	6.5	6.1	8.6	8.1	9.5	9.4	9.5	9.3	9.4	9.5	9.6
Rye	2.8	2.5	2.3	2.7	2.7	2.7	2.7	2.7	2.7	2.8	2.7
Other cereals	7.0	10.3	7.0	7.2	7.3	7.3	7.4	7.3	7.4	7.4	7.3
Oilseeds (1)	4.6	6.0	6.7	9.2	9.5	9.3	9.4	9.2	9.3	9.4	9.5
of which EU-15	2.7	4.0	4.5	4.8	5.2	5.1	5.2	5.2	5.3	5.5	5.6
EU-10	1.9	1.9	2.2	2.4	2.2	2.1	2.1	1.9	1.9	1.9	1.9
EU-2				1.9	2.1	2.1	2.0	2.0	2.0	2.0	1.9
Rapeseed	3.7	3.9	4.4	5.5	5.6	5.6	5.6	5.5	5.6	5.7	5.9
Sunseed	0.6	1.7	2.0	3.3	3.4	3.4	3.4	3.3	3.3	3.3	3.3
Soyabeans	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Sugar beet	2.2	2.2	1.7	1.7	1.7	1.7	1.6	1.6	1.5	1.5	1.5
Protein crops	1.4	1.4	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Flax and Hemp	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Silage (2)	4.5	4.7	4.5	4.4	4.4	4.3	4.3	4.3	4.3	4.2	4.2
Total selected arable crops	65.2	69.1	64.5	73.4	77.3	76.0	76.2	75.0	75.3	75.7	75.5
Compulsatory set-aside	1.9	4.0	4.0	4.0	0.0	4.0	4.0	5.0	5.0	5.0	5.5
of which EU-15	1.9	4.0	4.0	4.0	0.0	4.0	4.0	4.0	4.0	4.0	4.0
EU-10	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0
EU-2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5
of which non-food oilseeds	0.8	0.8	0.8	0.8	0.0	0.9	0.9	1.0	1.0	1.0	1.0
non-food cereals and sugar beet			0.0	0.0	0.0	0.1	0.1	0.4	0.4	0.5	1.1
Voluntary set-aside	3.1	3.0	3.0	3.0	5.3	3.0	3.0	3.0	3.0	3.0	3.2
Total set aside	5.0	7.0	6.9	7.0	5.3	7.0	7.0	8.0	8.0	8.0	8.7
Total	70.2	76.1	71.4	80.3	82.6	83.0	83.2	83.0	83.3	83.7	84.2

(1) major crops on non set-aside land;

EU-10: Member States that joined the European Union on May, 1st 2004

(2) excluding grass silage;

EU-2: Bulgaria and Romania.

Table A.9 Beef/veal market projections for the EU-27, 2005 – 2014 ('000 t cwe)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Gross Indigenous Production	8 125	8 113	8 081	7 997	7 910	7 832	7 768	7 710	7 661	7 617
Live Imports	2	15	17	17	17	17	17	17	17	17
Live Exports	83	63	60	55	52	48	44	41	38	35
Net Production	8 044	8 064	8 038	7 959	7 874	7 800	7 740	7 685	7 640	7 600
of which EU-15	7 279	7 271	7 277	7 204	7 134	7 073	7 022	6 976	6 936	6 901
EU-10	575	616	589	586	584	585	585	576	571	566
EU-2	191	178	172	169	156	142	133	133	132	133
Import	614	620	588	592	613	631	653	681	712	743
Exports	213	185	114	77	75	62	52	47	47	45
Stocks changes	0	0	0	0	0	0	0	0	0	0
Consumption	8 445	8 499	8 512	8 474	8 413	8 370	8 340	8 319	8 305	8 298
Per Capita Consumption	17.3	17.3	17.3	17.2	17.0	16.9	16.8	16.8	16.7	16.7
of which EU-15	19.9	19.9	20.2	20.2	19.9	19.8	19.7	19.6	19.5	19.4
EU-10	6.3	6.3	6.0	5.8	5.8	5.9	5.9	5.9	6.0	6.0
EU-2	9.8	10.7	6.6	6.1	6.1	6.2	6.2	6.3	6.3	6.3
Ending stocks (Intervention)	0	0	0	0	0	0	0	0	0	0

EU-10: Member States that joined the European Union on May, 1st 2004

EU-2: Bulgaria and Romania

Table A.10 Pig meat market projections for the EU-27, 2005 – 2014 ('000 t cwe)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Gross Indigenous Production	21 601	21 885	22 162	22 107	22 159	22 351	22 490	22 479	22 534	22 703
Live Imports	0	5	5	6	6	6	6	6	6	6
Live Exports	29	33	30	32	32	32	32	32	32	32
Net Production	21 572	21 857	22 137	22 081	22 134	22 325	22 464	22 453	22 508	22 677
of which EU-15	17 923	18 050	18 283	18 221	18 239	18 364	18 440	18 399	18 417	18 533
EU-10	3 177	3 313	3 340	3 336	3 382	3 457	3 528	3 568	3 614	3 672
EU-2	472	494	514	524	513	505	497	486	478	473
Import	84	105	30	38	38	38	38	38	38	38
Exports	1 286	1 410	1 304	1 246	1 241	1 213	1 201	1 176	1 175	1 176
Stocks changes	0	0	0	0	0	0	0	0	0	0
Consumption	20 370	20 552	20 863	20 873	20 931	21 151	21 301	21 315	21 371	21 539
Per Capita Consumption	41.6	41.9	42.4	42.3	42.4	42.8	43.0	43.0	43.1	43.4
of which EU-15	42.3	42.2	43.1	43.1	43.1	43.3	43.5	43.4	43.4	43.6
EU-10	44.7	46.0	45.2	44.9	44.9	45.9	46.5	46.7	47.0	47.6
EU-2	25.5	26.7	26.0	25.9	26.1	27.0	27.5	28.0	28.5	29.0

EU-10: Member States that joined the European Union on May, 1st 2004

EU-2: Bulgaria and Romania

Table A.11 Poultry meat market projections for the EU-27, 2005 – 2014 ('000 t cwe)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Gross Indigenous Production	11 568	11 203	11 469	11 438	11 494	11 608	11 778	11 870	11 964	12 049
Live Imports	2	1	1	2	2	2	2	2	2	2
Live Exports	6	5	5	5	5	5	5	5	5	5
Net Production	11 564	11 199	11 466	11 435	11 491	11 605	11 776	11 868	11 961	12 047
of which EU-15	9 055	8 718	8 935	8 935	8 977	9 081	9 227	9 320	9 396	9 451
EU-10	2 181	2 157	2 165	2 113	2 125	2 129	2 143	2 134	2 146	2 172
EU-2	328	324	366	387	389	396	406	413	419	424
Import	756	708	772	784	809	818	826	829	832	847
Exports	881	863	800	747	773	781	766	779	758	720
Consumption	11 439	11 044	11 437	11 473	11 527	11 642	11 835	11 918	12 036	12 174
Per Capita Consumption	23.4	22.5	23.2	23.3	23.3	23.5	23.9	24.0	24.2	24.5
of which EU-15	23.1	21.9	23.0	23.0	23.0	23.2	23.5	23.7	23.8	24.0
EU-10	27.3	27.4	27.1	27.1	27.2	27.5	27.7	27.9	28.3	28.5
EU-2	17.4	17.4	17.3	17.4	17.5	18.3	19.1	19.3	19.5	21.0

EU-10: Member States that joined the European Union on May, 1st 2004

EU-2: Bulgaria and Romania

Table A.12 Sheep/Goat meat market projections for the EU-27, 2005–2014 ('000 t cwe)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net Production	1 134	1 108	1 095	1 085	1 065	1 055	1 046	1 040	1 035	1 031
of which EU-15	1 044	1 025	1 012	1 001	981	972	964	958	953	950
EU-10	14	14	14	14	14	13	12	12	12	12
EU-2	76	69	69	70	70	70	70	70	70	69
Import	266	273	273	273	273	273	275	276	278	279
Exports	6	5	5	4	4	4	4	4	4	4
Consumption	1 395	1 376	1 363	1 355	1 334	1 325	1 318	1 313	1 309	1 306
Per Capita Consumption	2.9	2.8	2.8	2.7	2.7	2.7	2.7	2.6	2.6	2.6
of which EU-15	3.4	3.4	3.3	3.3	3.2	3.2	3.1	3.1	3.1	3.1
EU-10	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
EU-2	2.1	1.9	2.2	2.2	2.2	2.1	2.2	2.1	2.2	2.2

EU-10: Member States that joined the European Union on May, 1st 2004

EU-2: Bulgaria and Romania

Table A.13 Meat per capita consumption projections in the EU, 2005 – 2014 (kg/head)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EU-27										
Beef and Veal	17.3	17.3	17.3	17.2	17.0	16.9	16.8	16.8	16.7	16.7
Pork	41.6	41.9	42.4	42.3	42.4	42.8	43.0	43.0	43.1	43.4
Poultry	23.4	22.5	23.2	23.3	23.3	23.5	23.9	24.0	24.2	24.5
Sheep Goat	2.9	2.8	2.8	2.7	2.7	2.7	2.7	2.6	2.6	2.6
Total EU-27	85.2	84.5	85.7	85.5	85.4	85.9	86.4	86.4	86.7	87.2
of which EU-15										
Beef and Veal	19.9	19.9	20.2	20.2	19.9	19.8	19.7	19.6	19.5	19.4
Pork	42.3	42.2	43.1	43.1	43.1	43.3	43.5	43.4	43.4	43.6
Poultry	23.1	21.9	23.0	23.0	23.0	23.2	23.5	23.7	23.8	24.0
Sheep Goat	3.4	3.4	3.3	3.3	3.2	3.2	3.1	3.1	3.1	3.1
Total EU-15	88.7	87.4	89.6	89.5	89.3	89.5	89.8	89.7	89.8	90.1
of which EU-10										
Beef and Veal	6.3	6.3	6.0	5.8	5.8	5.9	5.9	5.9	6.0	6.0
Pork	44.7	46.0	45.2	44.9	44.9	45.9	46.5	46.7	47.0	47.6
Poultry	27.3	27.4	27.1	27.1	27.2	27.5	27.7	27.9	28.3	28.5
Sheep Goat	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total EU-10	78.6	80.0	78.5	78.0	78.2	79.5	80.3	80.8	81.4	82.3
of which EU-2										
Beef and Veal	9.8	10.7	6.6	6.1	6.1	6.2	6.2	6.3	6.3	6.3
Pork	25.5	26.7	26.0	25.9	26.1	27.0	27.5	28.0	28.5	29.0
Poultry	17.4	17.4	17.3	17.4	17.5	18.3	19.1	19.3	19.5	21.0
Sheep Goat	2.1	1.9	2.2	2.2	2.2	2.1	2.2	2.1	2.2	2.2
Total EU-2	54.8	56.6	52.2	51.7	51.9	53.5	54.9	55.7	56.5	58.5

EU-10: Member States that joined the European Union on May, 1st 2004

EU-2: Bulgaria and Romania

Table A.14 Consumption egg market projections for the EU-27, 2005 – 2014 (mio t)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Usable production	6.3	6.4	6.9	6.9	7.0	7.0	7.0	7.0	7.0	7.0
of which EU-15	5.4	5.4	5.6	5.7	5.7	5.8	5.8	5.8	5.8	5.8
EU-10	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
EU-2			0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Consumption	6.2	6.3	6.8	6.8	6.8	6.9	6.9	7.0	7.0	7.0
Imports	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exports	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.0	0.0
Per capita consumption	13.6	13.8	14.7	14.7	14.8	14.8	14.8	14.9	15.0	15.1
EU-15	13.8	13.8	13.7	13.7	13.7	13.8	13.8	13.9	13.9	14.0
EU-10	12.6	13.7	13.8	13.9	13.9	14.0	14.1	14.1	14.2	14.2
EU-2	14.2	14.4	15.3	15.5	15.8	16.1	16.4	16.8	17.1	17.5

EU-10: Member States that joined the European Union on May, 1st 2004

EU-2: Bulgaria and Romania

Table A.15 Milk production, deliveries and dairy herd in the EU-27, 2005 – 2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total production (mio t)	148.9	147.5	147.2	147.3	147.5	147.5	147.4	147.4	147.3	147.3
of which EU-15	120.7	119.7	119.6	119.8	120.2	120.2	120.2	120.2	120.2	120.2
EU-10	21.9	21.7	21.7	21.7	21.7	21.6	21.6	21.6	21.6	21.6
EU-2	6.3	6.0	5.9	5.8	5.7	5.7	5.6	5.6	5.6	5.5
Deliveries (mio t)	133.5	132.7	132.9	133.6	134.4	134.7	135.0	135.3	135.5	135.6
Delivery ratio (in %)	89.6	90.0	90.3	90.7	91.1	91.4	91.6	91.8	92.0	92.1
Fat content (in %)	4.04	4.04	4.04	4.04	4.04	4.05	4.05	4.05	4.05	4.05
Protein content (in %)	3.35	3.35	3.36	3.36	3.37	3.37	3.37	3.37	3.37	3.38
Milk yield (kg/dairy cow)	5970	6088	6161	6259	6351	6445	6531	6603	6666	6723
of which EU-15	6550	6686	6784	6852	6927	7010	7080	7130	7165	7194
EU-10	4830	4985	5015	5255	5465	5606	5752	5902	6056	6219
EU-2	3175	3077	3040	3020	2963	3011	3056	3102	3150	3193
Dairy cows (mio heads)	24.9	24.2	23.9	23.5	23.2	22.9	22.6	22.3	22.1	21.9
of which EU-15	18.4	17.9	17.6	17.5	17.4	17.1	17.0	16.9	16.8	16.7
EU-10	4.5	4.3	4.3	4.1	4.0	3.9	3.8	3.7	3.6	3.5
EU-2	2.0	2.0	1.9	1.9	1.9	1.9	1.8	1.8	1.8	1.7

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

EU-10: Member States of the European Union from May, 1st 2004

EU-2: Bulgaria and Romania

Table A.16 Cheese market projections for the EU-27, 2005 – 2014 ('000 t)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total production (1)	8 641	8 827	8 964	9 117	9 283	9 398	9 484	9 563	9 637	9 707
of which EU-15	7 525	7 637	7 721	7 817	7 907	7 980	8 037	8 091	8 142	8 191
EU-10	965	1 030	1 081	1 124	1 169	1 195	1 222	1 247	1 269	1 288
EU-2	151	160	162	176	206	222	224	225	226	228
Imports	94	101	101	101	103	105	107	109	111	113
Exports	551	586	622	625	604	593	593	584	574	547
Human consumption (2)	8 184	8 342	8 443	8 593	8 781	8 909	8 998	9 087	9 174	9 273
Per capita consumption (kg)	16.7	17.0	17.2	17.5	17.8	18.1	18.3	18.5	18.6	18.8
of which EU-15	18.6	18.8	18.8	19.0	19.2	19.3	19.4	19.6	19.7	19.8
EU-10	11.4	12.3	13.2	13.9	15.0	15.7	16.0	16.3	16.6	17.0
EU-2	4.7	5.1	5.7	6.3	7.3	8.0	8.6	9.1	9.7	10.6

(1) Including cheese used for processed cheese. Excluding farm cheese

(2) Excluding processed cheese and farm cheese.

EU-10: Member States that joined the European Union on May, 1st 2004

EU-2: Bulgaria and Romania

Table A.17 Butter market projections for the EU-27, 2005 – 2014 ('000 t)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total production	2 195	2 089	2 116	2 059	2 028	1 996	1 973	1 954	1 936	1 922
of which EU-15	1 917	1 826	1 846	1 794	1 769	1 737	1 716	1 701	1 686	1 674
EU-10	262	246	253	248	241	242	241	238	236	235
EU-2	15	16	16	17	18	17	16	15	14	13
Imports	80	92	85	85	85	85	85	85	85	85
Exports	338	252	180	90	81	81	69	60	52	54
Total consumption	1 968	1 997	2 078	2 054	2 032	2 000	1 989	1 979	1 969	1 952
per capita consumption (kg)	4.03	4.07	4.23	4.17	4.13	4.06	4.04	4.02	4.00	3.97
of which EU-15	4.48	4.53	4.72	4.65	4.59	4.51	4.49	4.46	4.44	4.41
EU-10	2.89	2.89	2.90	2.90	2.88	2.84	2.79	2.78	2.77	2.69
EU-2	0.95	1.01	1.03	1.06	1.09	1.12	1.17	1.21	1.26	1.30
Intervention Stocks										
Ending stocks	130	62	0	0	0	0	0	0	0	0
Stock changes	-31	-68	-62	0	0	0	0	0	0	0

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

EU-10: Member States that joined the European Union on May, 1st 2004

EU-2: Bulgaria and Romania

Table A.18 SMP market projections for the EU-27, 2005 – 2014 ('000 t)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total production	962	861	935	893	866	849	834	821	816	807
of which EU-15	760	691	749	707	683	667	655	645	643	637
EU-10	198	167	184	186	183	182	179	176	173	170
EU-2	4	3	3	0	0	0	0	0	0	0
Imports	10	21	27	20	20	10	10	10	10	10
Exports	190	85	170	120	89	62	52	41	40	39
Total consumption	847	797	793	793	797	797	792	790	786	778
of which EU-15	785	728	720	722	729	730	728	727	724	717
EU-10	45	60	62	60	57	54	52	50	49	48
EU-2	16	9	12	12	12	12	12	12	13	13
Stock changes	-65	0	0	0	0	0	0	0	0	0
Intervention Stocks										
Ending stocks	0	0	0	0	0	0	0	0	0	0
Stock changes	-65	0	0	0	0	0	0	0	0	0

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

EU-10: Member States that joined the European Union on May, 1st 2004

EU-2: Bulgaria and Romania