The 2016 EU Agricultural Outlook Conference

Cereals, oilseeds, protein crops, biofuels

Brussels, 6-7 December
EU biofuel demand: policy aspects

- **Policy driven demand**
  - 10% of renewables in transport energy by 2020
  - Preference for advanced biofuels, including UCO and other residues
  - 7% cap on food and feed based biofuels

- **Post-2020**
  - Outlook assumption is status quo
  - Stronger focus on advanced biofuels
  - Other renewable energy sources
  - Limit on food and feed based biofuels
EU biofuel demand: policy aspects

Energy share in transport energy

Volume share in petrol/diesel

- RED accounted
- Food feed biofuel
- RED2 limit
- B7
- E5

Biodiesel
Ethanol
EU biofuel demand: market aspects

- Overall road transport energy use going down
  - Oil price
  - Energy efficiency regulation
  - Member State initiatives

- Biofuel demand
  - Increased biofuel competitiveness
  - Lower overall liquid transport energy effect on share based targets

Source: DG CLIMA reference scenario (POLES)
Feedstock use for EU biofuel production

**Biodiesel (billion litres)**

- Advanced biofuels
- Waste oils
- Imported palm oil
- Imported oilseed oils
- EU vegetable oils from imported oilseeds
- EU vegetable oils from EU-grown oilseeds

**Bioethanol (billion litres)**

- Advanced
- Other sources
- Wheat
- Other cereals (mainly maize)
- Sugar Beet
The 2016 EU Agricultural Outlook Conference

Cereals, oilseeds and protein crops

Brussels, 6-7 December
Extraordinary production recovery...

- Cereals and oilseeds: 3 years of worldwide beneficial agroclimatic conditions

Source: IGC monthly report, 24/11/2016

Source: IGC, 28/11/2016 (January 2000=100)
Production drivers

Area

- Competition from other uses
- Crop allocation: drive towards specialisation and scale economies
In the past: shift towards major crops

Annual area and yield change between 2006 and 2016

- Maize
- Other cereals
- Barley
- Durum wheat
- Oats
- Common wheat
- Sunflower
- Rapeseed
- Sugar beet
- Rice

Annual yield growth (%)
Annual area growth (%)

-3 -2 -1 0 1 2 3
-3 -2 -1 0 1 2 3
In the future: further concentration
Annual area and yield change between 2016 and 2026
Production drivers

Area

- Competition from other uses
- Crop allocation: drive towards specialisation and scale economies

Yields

- Close to biophysical and agro-economic potential
- Catching-up in some regions
- Regulatory, economic and agro-climatic constraints
While yield growth low in the EU

**Annual wheat yield growth between 2002 and 2016**

- **Ukraine:** 2% growth
- **Canada:** 3% growth
- **USA:** 1% growth
- **EU:** 0% growth
- **World:** 1% growth

3 year averages taken
Sources: DG AGRI, OECD-FAO Outlook 2016
While yield growth low in the EU

Annual wheat yield growth between 2016 and 2026

3 year averages taken
Sources: DG AGRI, OECD-FAO Outlook 2016
... while gap with world level remains high...

**Soft wheat**

**Maize**

EU-15  World
... within the EU
the yield gap closes further...

**Soft wheat**

**Maize**
Market drivers

Exports

- strong demand for cereals
- in particular EU wheat but also barley
... so opportunities remain to export wheat
Market drivers

Exports
- strong demand for cereals
- in particular EU wheat but also barley

Feed
- Increased milk yields
- Firm poultry and pig production

Biofuels
- Limited growth in domestic oilseeds
- Increased maize use for ethanol
Domestic feed use dominates EU cereal use

...stimulating maize

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<th>2010-16</th>
<th>2026</th>
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<td>Total Wheat</td>
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<td>Other cereals</td>
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- Exports
- Bioenergy
- Feed
- Food and industrial

millon t
Feed use will also dominate oilseeds

...soybean gains

- Soybean meal from domestic production
- Soybean meal imports
- Soybean meal produced from imported beans
- Other protein meal imports
- Other protein meal use
... having effect on rapeseed production

Annual area and yield change

- between 2006 and 2016
- between 2016 and 2026
Protein crops recover in the EU

Area (1000 ha)

...but area of protein crops remains small in total...
EU cereal prices still affected by exogenous factors
Prospects for crops in the EU

Main cereals more dominant in area but yield growth fairly low

Increase of production and use of main cereals mainly driven by feed use

Meals more important in oilseed complex