

FAPRI-Ireland 2003 EU Baseline Briefing Book

FAPRI-UMC Technical Data Report 10-03

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Foreword

For six years the FAPRI-Ireland Partnership has been producing analysis of agricultural policy for the EU, with a focus on the impacts for Ireland. The process that generates this analysis involves first developing a baseline, a set of figures produced under the assumption that current policies remain in place. In the case of Europe, this means that agricultural policy in the EU is that which prevailed in January 2003. The baseline does include the reforms that were agreed under Agenda 2000 that have yet to be implemented for the dairy sector, where intervention prices were scheduled to fall between 2005 and 2007, and provisions from the Uruguay round.

The baseline does not constitute a forecast, rather a yardstick against which future policy changes can be evaluated. Inherent uncertainties including policy changes, weather, and other market disruptions ensure that the future is highly unlikely to match baseline projections. The impact of policy changes generated in scenarios does depend on the starting point provided by the baseline, and where this is the case it is pointed out in the text. For example, the volume of stocks that held in the baseline is important when considering the impact of a reduction in intervention prices.

New this year

In previous years the model used to generate these projections has relied heavily on the “Production, Supply and Distribution” dataset maintained by the USDA. In recent years coverage provided by this service has been reduced dramatically, and for most commodities it is no longer possible to get figures for individual member states. The reduction in the availability of data has necessitated the conversion of the model to data provided by Eurostat, in combination with data from the European Commission.

The conversion to Eurostat data has led to changes in the model itself. Eurostat does not produce balance sheets for live animals, for example, and is often unable to provide data for the most recent years in some categories, most notably for the demand side. This has meant the scope of the model has been reduced, and thus the tables reproduced in this document are different to those previously presented. The different source for data should be remembered by readers when comparing the projections presented here with those presented previously.

The baseline

Underpinning the projections presented here are those made by the FAPRI global modelling system from January this year. In turn these projections are based on macroeconomic projections produced by Global Insight. Clearly, between January and June much has happened in the world that has influenced both the macroeconomic outlook and the prospects for the agricultural markets. Some revisions have been made but on the whole the global projections are based on an outlook from January.

For the EU, one of the biggest changes between this year’s baseline and that produced last year is due to the strengthening of the euro in relation to the dollar. In contrast to previous years, export subsidies for cereals are required over the entire projection period and prices remain close to intervention levels.

Livestock markets have recovered more rapidly from BSE and FMD shocks than many expected. The cattle herd continues to fall in the baseline, and a combination of lower production and exports, and increased imports, results in the EU becoming a net importer for beef.

Scenario

The FAPRI-Ireland Partnership was asked to analyse the impact of the changes to the CAP proposed by the Commission in the January 2003 “Long term perspectives” (LTP) document, in combination with an interpretation of the European Commission’s submission to the WTO regarding “modalities” for negotiation in the Doha round. The results of this scenario are reproduced in the second part of this paper.

The FAPRI-Ireland Partnership baseline is a joint effort of the Food and Agricultural Policy Research Institute at the University of Missouri and Teagasc, Ireland’s Agriculture and Food Development Authority. The January 2003 FAPRI global baseline was developed by FAPRI analysts at the University of Missouri and Iowa State University. Further details of the analysis can be found in the FAPRI-Ireland “Outlook 2003” publication which can be downloaded from the Teagasc website, or from the FAPRI “2003 US and World Agricultural Outlook” at www.fapri.org.

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Macroeconomic assumptions

Projections of macroeconomic variables are provided by **Global Insight**.

The evolution of the euro is crucial to the projections. It is projected to strengthen over the period reaching **\$1.15 in 2007**.

As the euro projection is so important for the model that the projected **2003 rate** versus the dollar was increased to \$1.04. At time of writing this appears to understate the likely strength of the euro in 2003.

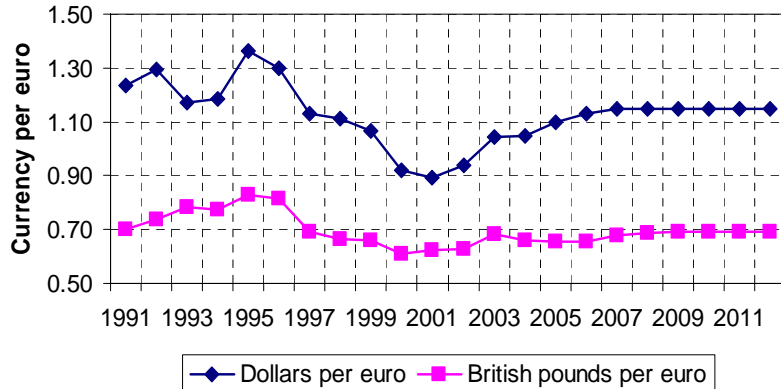
The events of 2001 contributed to a significant **slowdown** in the rate of growth in both the EU and the US.

Global Insight projects a partial recovery in growth rates in 2003 and 2004.

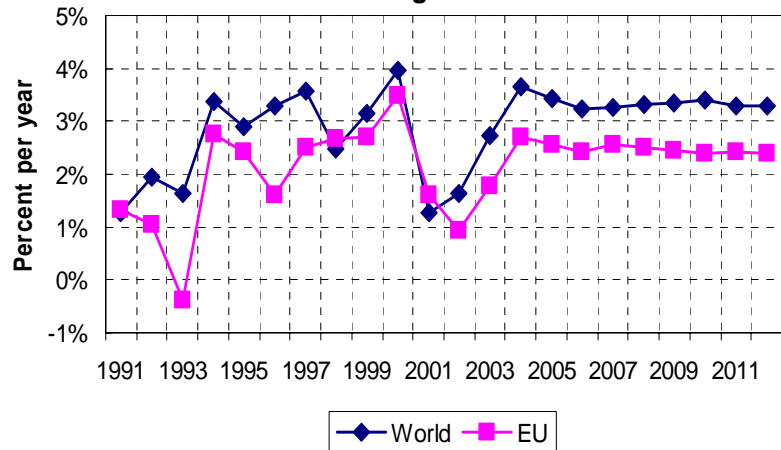
Over the period, world GDP growth is slightly above 3 percent and the EU grows at around 2.5 percent per annum.

Inflation is incorporated in the model through the use of a GDP deflator. The EU inflation rate is projected to increase to 2 percent in 2004 and thereafter remain below the 2 percent level.

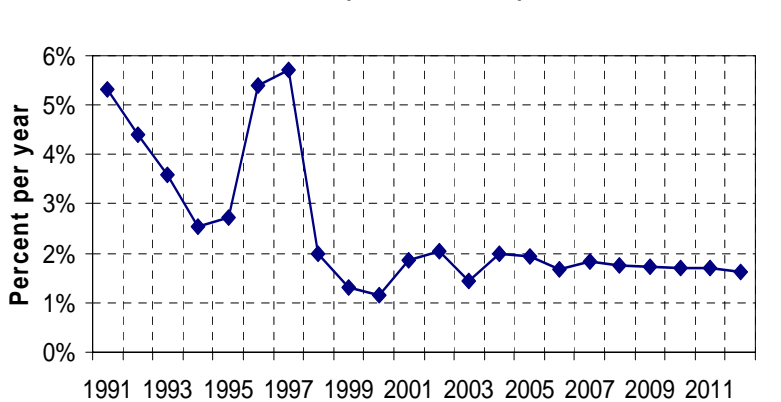
Euro exchange rates



Real GDP growth



Inflation (GDP deflator)



Macroeconomic Assumptions

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Real GDP growth											
	percent										
EU-15	0.9%	1.8%	2.7%	2.6%	2.4%	2.6%	2.5%	2.5%	2.4%	2.4%	2.4%
France	1.0%	1.8%	2.9%	2.4%	2.3%	2.7%	2.3%	2.5%	2.3%	2.3%	2.3%
Germany	0.3%	1.1%	2.5%	2.6%	2.4%	2.3%	2.2%	2.3%	2.3%	2.2%	2.3%
Ireland	4.9%	4.6%	4.7%	4.7%	4.1%	4.1%	4.2%	4.2%	4.3%	4.3%	4.3%
Italy	0.3%	1.4%	2.6%	2.5%	2.3%	2.3%	2.3%	2.2%	2.2%	2.2%	2.3%
United Kingdom	1.5%	2.6%	2.8%	2.5%	2.5%	2.9%	3.2%	2.6%	2.5%	2.7%	2.5%
Other EU	1.4%	2.1%	2.7%	2.6%	2.5%	2.5%	2.5%	2.5%	2.4%	2.5%	2.5%
Inflation (GDP deflator)											
	percent										
EU-15	2.1%	1.5%	2.0%	1.9%	1.7%	1.8%	1.8%	1.7%	1.7%	1.7%	1.6%
France	2.1%	0.6%	1.9%	2.1%	1.2%	1.7%	1.7%	1.5%	1.6%	1.6%	1.3%
Germany	1.3%	1.1%	1.6%	1.5%	1.4%	1.4%	1.3%	1.2%	1.0%	1.2%	1.0%
Ireland	3.0%	2.9%	2.8%	2.8%	2.8%	2.8%	2.7%	2.8%	2.7%	2.7%	2.7%
Italy	2.1%	2.4%	2.6%	2.2%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.8%
United Kingdom	2.7%	1.7%	1.9%	2.0%	2.1%	2.3%	2.2%	2.3%	2.3%	2.2%	2.3%
Exchange rate vs. dollar											
	currency per dollar										
EU-15	1.07	0.96	0.95	0.91	0.88	0.87	0.87	0.87	0.87	0.87	0.87
France	6.99	6.30	6.26	5.98	5.80	5.71	5.70	5.70	5.70	5.70	5.70
Germany	2.08	1.88	1.87	1.78	1.73	1.70	1.70	1.70	1.70	1.70	1.70
Ireland	0.84	0.76	0.75	0.72	0.70	0.69	0.68	0.68	0.68	0.68	0.68
Italy	2,063	1,859	1,847	1,765	1,712	1,687	1,684	1,684	1,684	1,684	1,684
United Kingdom	0.67	0.65	0.63	0.60	0.58	0.59	0.60	0.60	0.60	0.60	0.60
Exchange rate vs. euro											
	currency per euro										
France	6.56	6.56	6.56	6.56	6.56	6.56	6.56	6.56	6.56	6.56	6.56
Germany	1.96	1.96	1.96	1.96	1.96	1.96	1.96	1.96	1.96	1.96	1.96
Ireland	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79
Italy	1,936	1,936	1,936	1,936	1,936	1,936	1,936	1,936	1,936	1,936	1,936
United Kingdom	0.63	0.68	0.66	0.65	0.66	0.68	0.69	0.69	0.69	0.69	0.69
Other exchange rates											
Dollars per euro	0.94	1.04	1.05	1.10	1.13	1.15	1.15	1.15	1.15	1.15	1.15
Dollars per Br. pound	1.50	1.53	1.59	1.68	1.72	1.69	1.67	1.67	1.67	1.67	1.67
Euro per British pound	1.60	1.47	1.52	1.53	1.52	1.47	1.45	1.45	1.45	1.45	1.45
Irish pound/Br. pound	1.26	1.16	1.19	1.21	1.20	1.16	1.14	1.14	1.14	1.14	1.14
Population											
	million										
EU-15	378.03	378.50	378.87	379.23	379.58	379.87	380.13	380.36	380.55	380.68	380.79
France	59.44	59.46	59.46	59.46	59.46	59.46	59.46	59.46	59.46	59.46	59.46
Germany	82.44	82.43	82.39	82.32	82.27	82.20	82.11	82.00	81.85	81.67	81.47
Ireland	3.85	3.89	3.92	3.96	4.00	4.04	4.08	4.13	4.17	4.21	4.25
Italy	58.08	58.21	58.29	58.36	58.43	58.50	58.57	58.64	58.71	58.79	58.86
United Kingdom	59.59	59.70	59.80	59.91	60.01	60.10	60.20	60.30	60.40	60.49	60.58
Other EU	114.63	114.82	115.00	115.22	115.42	115.56	115.71	115.83	115.96	116.07	116.17

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Baseline Projections

Baseline policy assumptions

- The 2003 baseline incorporates the same **policy assumptions** as those used in the 2002 baseline. The reforms agreed in Berlin in 1999 are included. Dairy intervention prices are reduced from 2005 onwards.

- The Agenda 2000 changes to **compensation payments** are also incorporated.

- EU enlargement effects, or any possible changes to trade restrictions under the WTO Doha round, are **not included** in the projections.

- There are some policy tools that the Commission has **discretion** over. For example, the Commission decides set-aside rates and export refunds.

- Assumptions in the model are based on past behavior.

- In the projection period the set aside rate is maintained at **10 percent**.

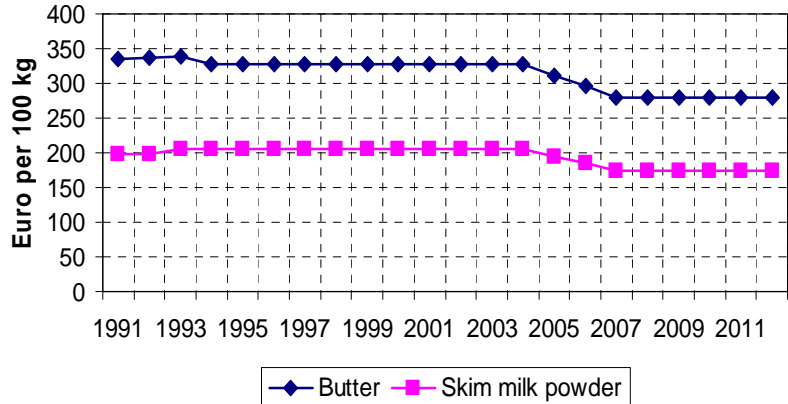
- By varying the levels of **export refunds** the Commission determines export levels and market prices.

- Market prices** can therefore deviate from intervention levels, and have often done so in the past.

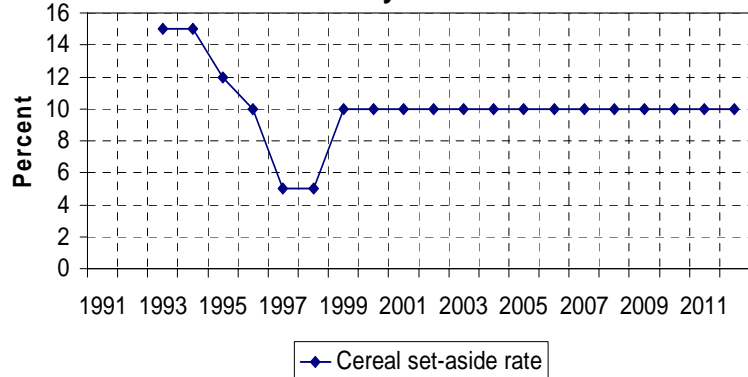
- In the model the Commission is assumed to keep **expenditure** on refunds static or reduce it.

- Different **behaviour** by the Commission on refunds or intervention stocks would lead to different price levels.

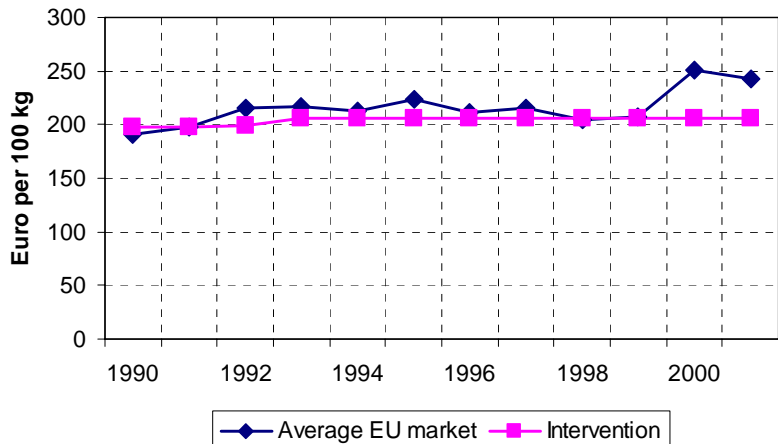
Dairy intervention prices



Cereal mandatory set-aside rate



SMP prices



Policy assumptions

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	euro per tonne										
Cereal intervention price	101.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3
Cereal compensation	63.0	63.0	63.0	63.0	63.0	63.0	63.0	63.0	63.0	63.0	63.0
Oilseed compensation	63.0	63.0	63.0	63.0	63.0	63.0	63.0	63.0	63.0	63.0	63.0
	euro per 100 kg										
Beef intervention price	278.0	156.0	156.0	156.0	156.0	156.0	156.0	156.0	156.0	156.0	156.0
Butter intervention price	328.2	328.2	328.2	311.8	295.4	279.0	279.0	279.0	279.0	279.0	279.0
SMP intervention price	205.5	205.5	205.5	195.2	185.0	174.7	174.7	174.7	174.7	174.7	174.7
	euro per head										
Male bovine premium	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
Suckler cow premium	210.0	210.0	210.0	210.0	210.0	210.0	210.0	210.0	210.0	210.0	210.0
Ewe premium	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0
	percent										
Cereal set aside	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
	million tonnes										
Milk quota (applied)	119.2	119.2	119.2	119.7	120.1	120.6	120.6	120.6	120.6	120.6	120.6
	million head										
Suckler cow quota	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8
Subsidised export limits	thousand tonnes										
Wheat	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400	14,400
Coarse grains	10,800	10,800	10,800	10,800	10,800	10,800	10,800	10,800	10,800	10,800	10,800
Beef	822	822	822	822	822	822	822	822	822	822	822
Pig meat	444	444	444	444	444	444	444	444	444	444	444
Poultry	286	286	286	286	286	286	286	286	286	286	286
Cheese	321	321	321	321	321	321	321	321	321	321	321
Butter	399	399	399	399	399	399	399	399	399	399	399
Skim milk powder	273	273	273	273	273	273	273	273	273	273	273
Other dairy products	958	958	958	958	958	958	958	958	958	958	958
Tariff rate quotas											
Wheat	350	350	350	350	350	350	350	350	350	350	350
Coarse grains	2,831	2,831	2,831	2,831	2,831	2,831	2,831	2,831	2,831	2,831	2,831
Beef	144	144	144	144	144	144	144	144	144	144	144
Pig meat	76	76	76	76	76	76	76	76	76	76	76
Poultry	30	30	30	30	30	30	30	30	30	30	30
Cheese	102	102	102	102	102	102	102	102	102	102	102
Butter	87	87	87	87	87	87	87	87	87	87	87
Skim milk powder	68	68	68	68	68	68	68	68	68	68	68

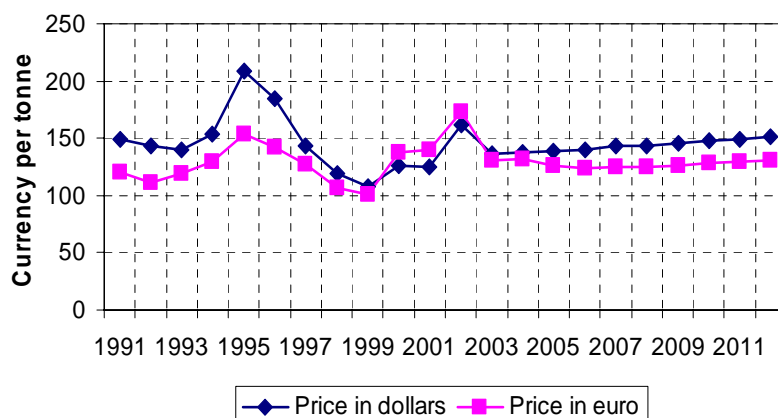
World agricultural commodity prices

- The weather related **production declines** that occurred in North America and Australia resulted in price increases for all cereals in 2002.

- In 2003 cereal prices fall as production recovers. In the longer run **global economic growth** results in a small upward trend in cereal prices.

- In the years to 2006 **world prices in euros** fall as the euro strengthens.

U.S. Gulf wheat prices

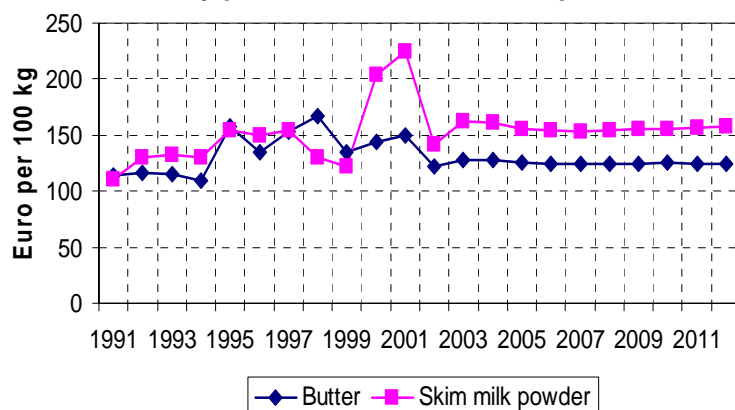


- Developments in the world dairy market meant that the **global dairy model** was re-run for the FAPRI-Ireland analysis.

- The projections show only a modest recovery in 2003 from 2002 levels. The strengthening euro effects modest increases in dollar prices for traded products, leaving euro values flat.

- Given the poor price projections, **export subsidies** are projected to continue to be used for dairy products exported by the EU.

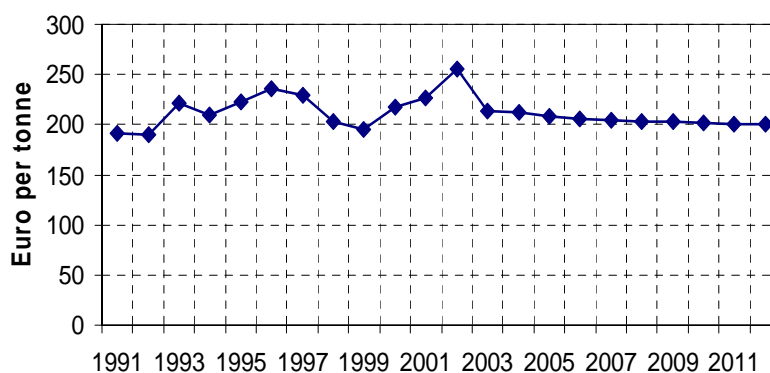
Dairy prices, FOB northern Europe



- Production in the **oilseed** sector in 2002 was also reduced by poor weather in key regions and prices subsequently rose.

- Prices fall in 2003 and the strengthening of the euro plus increased production in **South America**, ensures that there is no recovery in euro denominated prices over the period.

Soybean prices, CIF Rotterdam



World agricultural commodity prices

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
World prices in dollars											
	U.S. dollars per tonne										
HRW wheat, U.S. Gulf	162.09	136.34	137.65	139.02	140.18	143.05	143.61	145.43	147.67	149.34	150.91
CWAD durum, Canada	168.96	168.26	172.78	173.84	178.43	180.60	183.78	186.38	190.80	192.70	191.28
Barley, U.S. Portland	139.82	123.43	120.80	122.56	124.34	124.39	124.89	124.77	125.46	125.75	126.57
Maize, U.S. Gulf	109.95	98.50	98.67	100.41	102.68	103.17	104.28	104.37	105.22	105.31	106.02
Rapeseed, Hamburg	293.00	258.92	266.03	267.12	269.28	271.38	271.56	272.16	271.74	272.98	273.08
Rape meal, Hamburg	133.00	112.12	116.43	119.73	123.12	125.21	125.38	125.59	125.61	126.13	126.92
Rape oil, Hamburg	610.00	596.28	608.09	610.52	613.05	615.12	614.56	613.51	610.44	609.52	605.82
Sun seed, Lower Rhine	300.00	285.69	287.92	292.16	292.10	291.95	291.76	291.67	289.25	288.31	285.06
Sun meal, Rotterdam	110.00	103.56	106.00	109.68	111.38	111.75	111.72	111.67	111.32	111.00	109.98
Sun oil, NW Europe	650.00	636.82	648.81	657.75	661.70	662.30	662.43	662.14	658.18	655.83	650.53
Soybeans, Rotterdam	240.00	222.62	222.44	228.66	232.73	234.38	233.96	232.77	231.79	231.08	230.36
Soy meal, Rotterdam	183.00	167.61	168.87	174.88	180.13	182.43	182.52	181.81	181.40	180.95	181.85
Soy oil, Rotterdam	585.00	602.66	609.07	613.44	612.13	608.42	603.85	599.78	595.49	592.41	585.88
FOB Bangkok 100% B Gr	194.00	210.81	226.39	231.89	235.99	240.55	248.04	255.46	262.80	269.82	276.76
	U.S. dollars per 100 pounds										
Steers, Nebraska	67.04	74.51	76.69	78.23	76.26	73.49	71.03	69.48	68.67	68.33	68.49
Hogs, U.S. 51-52% lean	32.42	36.48	40.21	42.36	38.73	37.07	35.29	38.61	41.78	44.43	40.45
Broilers, U.S. 12-city	55.60	57.80	57.89	58.54	59.02	59.54	59.57	59.84	60.13	60.50	60.74
	U.S. dollars per tonne										
Cheese, FOB N. Europe	1,740	1,902	1,998	2,058	2,103	2,115	2,118	2,130	2,138	2,140	2,145
Butter, FOB N. Europe	1,147	1,337	1,340	1,379	1,401	1,426	1,431	1,435	1,439	1,435	1,430
SMP, FOB N. Europe	1,326	1,686	1,690	1,703	1,749	1,765	1,772	1,785	1,793	1,800	1,810
WMP, FOB N. Europe	1,391	1,708	1,701	1,726	1,777	1,800	1,809	1,818	1,825	1,831	1,836
World prices in euro											
	euro per tonne										
HRW wheat, U.S. Gulf	172.71	130.89	131.34	126.72	123.96	124.62	124.88	126.47	128.42	129.87	131.23
CWAD durum, Canada	180.03	161.53	164.85	158.46	157.79	157.34	159.81	162.07	165.92	167.57	166.34
Barley, U.S. Portland	148.98	118.50	115.26	111.72	109.96	108.37	108.60	108.50	109.10	109.35	110.06
Maize, U.S. Gulf	117.15	94.56	94.14	91.52	90.80	89.88	90.68	90.76	91.50	91.58	92.19
Rapeseed, Hamburg	312.19	248.56	253.82	243.48	238.13	236.43	236.15	236.67	236.30	237.39	237.47
Rape meal, Hamburg	141.71	107.63	111.09	109.13	108.88	109.08	109.03	109.21	109.23	109.68	110.37
Rape oil, Hamburg	649.96	572.43	580.18	556.49	542.12	535.89	534.42	533.51	530.84	530.04	526.82
Sun seed, Lower Rhine	319.65	274.26	274.71	266.30	258.31	254.34	253.71	253.64	251.53	250.72	247.89
Sun meal, Rotterdam	117.21	99.42	101.13	99.97	98.50	97.36	97.15	97.11	96.80	96.52	95.64
Sun oil, NW Europe	692.58	611.35	619.03	599.54	585.15	576.99	576.05	575.80	572.36	570.31	565.70
Soybeans, Rotterdam	255.72	213.71	212.23	208.42	205.80	204.19	203.46	202.42	201.56	200.95	200.32
Soy meal, Rotterdam	194.99	160.90	161.12	159.40	159.29	158.93	158.72	158.10	157.75	157.36	158.14
Soy oil, Rotterdam	623.32	578.55	581.11	559.15	541.31	530.05	525.11	521.57	517.84	515.16	509.48
FOB Bangkok 100% B Gr	206.71	202.38	216.00	211.37	208.69	209.56	215.69	222.15	228.53	234.63	240.67
	euro per 100 kilograms										
Steers, Nebraska	157.48	157.70	161.31	157.21	148.67	141.15	136.17	133.20	131.65	130.99	131.30
Hogs, U.S. 51-52% lean	76.15	77.21	84.57	85.13	75.50	71.21	67.66	74.01	80.09	85.18	77.56
Broilers, U.S. 12-city	130.60	122.34	121.77	117.63	115.05	114.35	114.20	114.72	115.27	115.98	116.45
Cheese, FOB N. Europe	185.35	182.57	190.68	187.63	185.97	184.22	184.22	185.23	185.88	186.13	186.50
Butter, FOB N. Europe	122.20	128.34	127.83	125.65	123.89	124.19	124.46	124.79	125.10	124.83	124.33
SMP, FOB N. Europe	141.25	161.88	161.23	155.19	154.65	153.77	154.11	155.21	155.88	156.55	157.39
WMP, FOB N. Europe	148.17	163.96	162.28	157.35	157.10	156.84	157.29	158.08	158.71	159.22	159.69

EU wheat

- Although the **world cereals prices** rose significantly in 2002/2003, prices in the EU actually fell. This was because EU tariffs for imports are based on US prices and therefore went to zero and prompted a surge of imports from Russia and Ukraine.

- The introduction of an import quota system plus smaller harvests in Russia and Ukraine should result in higher cereal prices in 2003.

- The strengthening euro means that **unsubsidised exports** are no longer possible. Prices drift towards intervention levels over the projection period.

- Increased usage of wheat has come mostly from **feed use**. The massive imports of cheap feed wheat in 2002 prompted further increases in feed consumption.

- Over the projection period feed use continues to grow, but at a **slower rate** as cattle numbers fall.

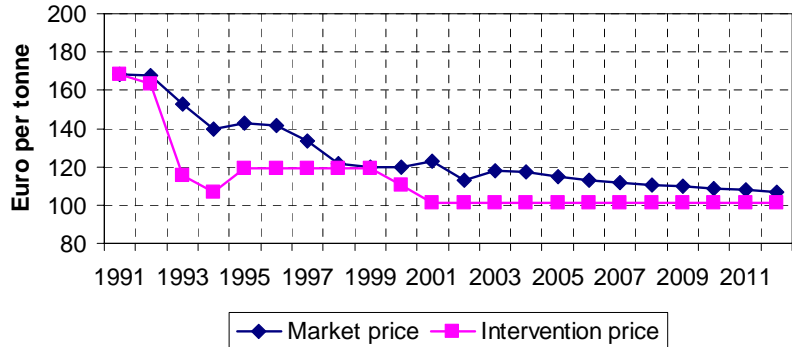
- Cereal yields** rise over time as they are based largely on historical trends.

- Yields for wheat** increase slightly faster than those for barley.

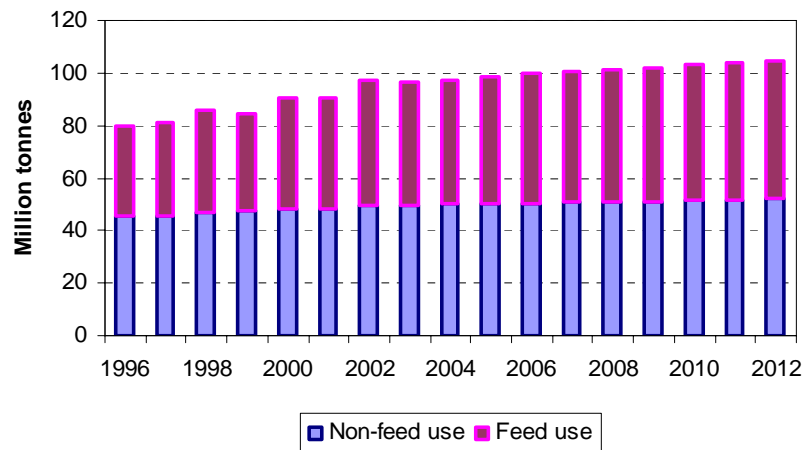
- Although other **economic factors** also influence yield growth, in the baseline these have little effect.

- An assumption of "normal" weather results in a smoother **yield path** than that experienced historically. In reality there will be more volatility in yield paths.

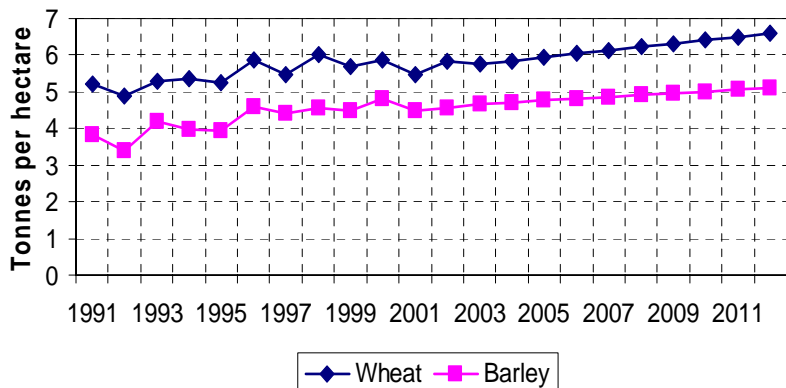
EU wheat prices



EU wheat domestic use



EU wheat and barley yields



EU-15 wheat supply and utilisation

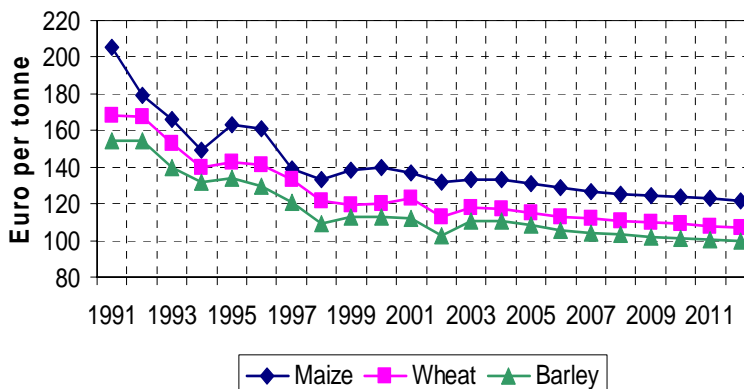
	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13
Soft wheat											
					thousand hectares						
Area harvested	14,085	14,059	14,030	14,058	14,084	14,135	14,197	14,264	14,319	14,369	14,408
					tonnes per hectare						
Yield	6.74	6.66	6.77	6.88	6.99	7.10	7.20	7.31	7.42	7.52	7.63
Production	94.88	93.60	95.00	96.73	98.46	100.31	102.29	104.28	106.21	108.11	109.97
Beginning stocks	12.85	13.10	13.19	13.42	13.86	14.49	15.37	16.39	17.43	18.44	19.43
Imports	29.42	29.88	29.92	30.05	30.02	29.79	29.54	29.33	29.14	28.96	28.77
Total supply	137.15	136.59	138.11	140.20	142.35	144.60	147.20	150.00	152.79	155.51	158.16
Domestic use	88.53	87.58	88.58	89.78	90.71	91.38	92.08	92.86	93.67	94.49	95.24
Feed	46.70	45.94	46.70	47.68	48.43	48.94	49.47	50.09	50.74	51.39	51.97
Other	41.83	41.65	41.89	42.10	42.28	42.44	42.61	42.78	42.93	43.10	43.26
Exports	35.52	35.81	36.10	36.55	37.14	37.85	38.73	39.70	40.67	41.60	42.52
Ending stocks	13.10	13.19	13.42	13.86	14.49	15.37	16.39	17.43	18.44	19.43	20.41
Loss, statistical disc.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net exports	6.10	5.93	6.18	6.51	7.12	8.05	9.19	10.37	11.53	12.64	13.75
					percent						
Set-aside rate	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
					euro per tonne, Jan.-Dec.						
Intervention price	101.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3
Market price	113.0	117.7	117.3	114.8	112.9	111.8	110.6	109.6	108.8	107.9	107.0
Durum wheat											
					thousand hectares						
Area harvested	3,862	3,851	3,821	3,801	3,787	3,794	3,796	3,798	3,799	3,801	3,802
					tonnes per hectare						
Yield	2.46	2.43	2.46	2.49	2.51	2.53	2.56	2.58	2.61	2.63	2.66
					million tonnes						
Production	9.49	9.37	9.40	9.45	9.51	9.62	9.71	9.81	9.91	10.01	10.11
Beginning stocks	1.13	1.14	1.19	1.20	1.21	1.21	1.21	1.21	1.21	1.21	1.21
Imports	4.70	4.89	4.89	4.92	4.93	4.94	4.94	4.94	4.94	4.95	4.96
Total supply	15.32	15.40	15.48	15.56	15.65	15.76	15.86	15.97	16.07	16.17	16.28
Domestic use	8.58	8.83	8.88	8.98	9.05	9.14	9.22	9.30	9.37	9.46	9.55
Feed	0.76	0.80	0.80	0.81	0.82	0.82	0.82	0.83	0.83	0.84	0.85
Other	7.83	8.02	8.08	8.17	8.24	8.32	8.39	8.47	8.54	8.62	8.71
Exports	5.60	5.39	5.40	5.38	5.39	5.40	5.43	5.45	5.48	5.50	5.51
Ending stocks	1.14	1.19	1.20	1.21	1.21	1.21	1.21	1.21	1.21	1.21	1.21
Loss, statistical disc.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net exports	0.90	0.50	0.51	0.46	0.46	0.47	0.49	0.51	0.54	0.56	0.56
					percent						
Set-aside rate	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
					euro per tonne, Jan.-Dec.						
Intervention price	101.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3
Market price	173.9	156.8	160.9	159.4	159.5	158.4	159.0	159.2	160.4	160.4	159.2

EU barley and maize

- Barley and maize **prices** in the EU track the wheat price downwards over time as the strong euro and yield increases put pressure on prices.

- Barley prices are supported in the long run by **intervention** purchases.

EU cereal prices

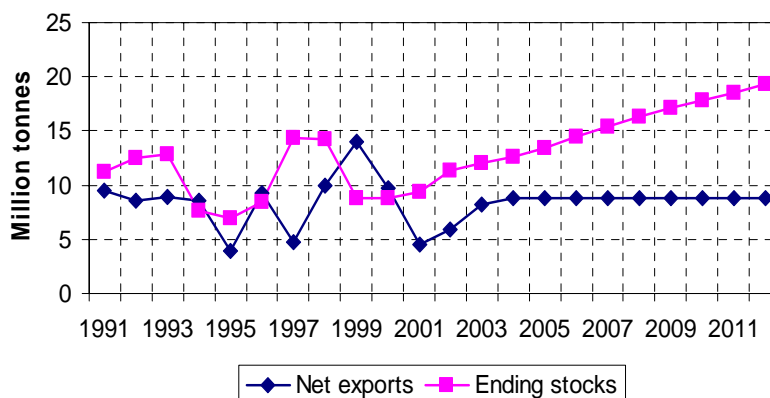


- The strong euro means that there is little scope for unsubsidized **exports**. Net trade stays static at historical levels.

- The barley price remains close to intervention levels and intervention purchases push up **stocks**. Soft wheat stocks are also expected to grow

- The existence of such high levels of stocks might in reality put pressure for an increase in **set aside** area, which in the baseline is assumed to be constant.

EU barley net exports and ending stocks

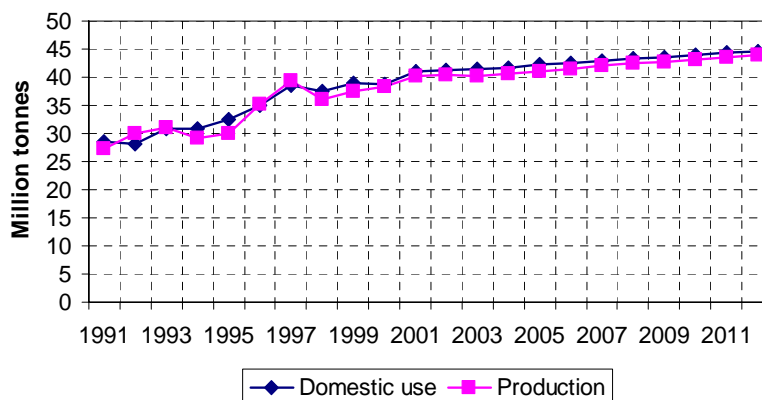


- Maize **production** continues to grow with yield increases.

- Consumption increases as feed use expands and **domestic use**, therefore, tracks production.

- As with other cereals, unsubsidized exports of maize are not projected, and with imports largely constrained by quotas, the **net trade** position is largely unchanged.

EU maize domestic use and production



EU-15 barley and maize supply and utilisation

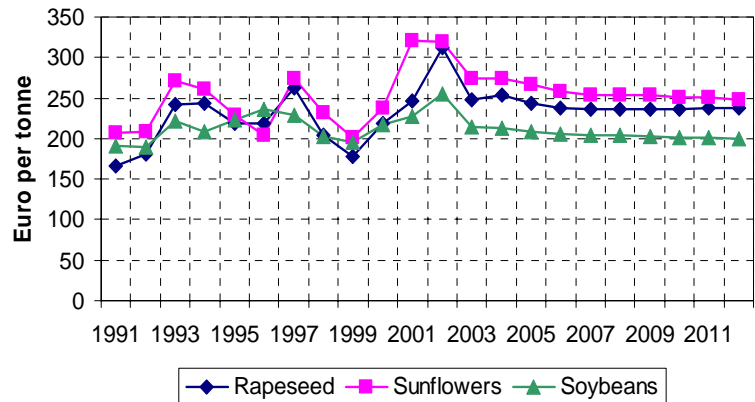
	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13
Barley											
Area harvested	10,509	10,791	10,885	10,934	10,998	10,915	10,843	10,770	10,709	10,652	10,610
	thousand hectares										
Yield	4.57	4.67	4.71	4.76	4.80	4.85	4.90	4.95	5.00	5.05	5.10
	tonnes per hectare										
Production	48.07	50.39	51.30	52.03	52.82	52.97	53.18	53.34	53.55	53.79	54.09
	million tonnes										
Beginning stocks	9.33	11.35	11.98	12.60	13.42	14.49	15.45	16.35	17.13	17.84	18.56
Imports	5.06	4.43	4.36	4.50	4.63	4.79	4.95	5.14	5.34	5.57	5.77
Total supply	62.46	66.18	67.64	69.13	70.87	72.25	73.58	74.83	76.03	77.21	78.42
Domestic use	40.15	41.51	41.90	42.39	42.93	43.18	43.45	43.73	44.02	44.25	44.47
Feed	28.08	29.43	29.77	30.20	30.69	30.91	31.15	31.41	31.67	31.88	32.08
Other	12.06	12.09	12.13	12.19	12.24	12.27	12.30	12.32	12.35	12.36	12.38
Exports	10.96	12.68	13.15	13.32	13.46	13.62	13.78	13.96	14.17	14.40	14.60
Ending stocks	11.35	11.98	12.60	13.42	14.49	15.45	16.35	17.13	17.84	18.56	19.35
Net exports	5.90	8.25	8.79	8.83	8.83	8.83	8.83	8.83	8.83	8.83	8.83
	percent										
Set-aside rate	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
	euro per tonne, Jan.-Dec.										
Intervention price	101.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3
Market price	102.3	110.8	110.4	108.3	105.8	104.4	103.0	102.0	101.1	100.4	99.5
Maize											
Area harvested	4,464	4,416	4,390	4,395	4,392	4,396	4,385	4,372	4,362	4,358	4,353
	thousand hectares										
Yield	9.06	9.12	9.24	9.35	9.46	9.56	9.67	9.78	9.88	9.98	10.08
	tonnes per hectare										
Production	40.44	40.27	40.57	41.11	41.54	42.05	42.42	42.74	43.08	43.49	43.88
	million tonnes										
Beginning stocks	5.54	5.71	5.64	5.62	5.69	5.78	5.89	5.99	6.07	6.14	6.20
Imports	14.53	15.87	16.00	16.18	16.31	16.41	16.45	16.49	16.54	16.60	16.65
Total supply	60.51	61.85	62.21	62.92	63.54	64.24	64.76	65.23	65.69	66.23	66.73
Domestic use	41.23	41.47	41.74	42.21	42.58	43.02	43.32	43.63	43.93	44.30	44.62
Feed	32.17	32.48	32.70	33.11	33.43	33.82	34.08	34.35	34.62	34.94	35.23
Other	9.06	8.99	9.03	9.10	9.15	9.20	9.24	9.28	9.32	9.36	9.40
Exports	13.58	14.74	14.85	15.02	15.18	15.33	15.44	15.53	15.62	15.73	15.83
Ending stocks	5.71	5.64	5.62	5.69	5.78	5.89	5.99	6.07	6.14	6.20	6.28
Net exports	-0.95	-1.13	-1.15	-1.16	-1.12	-1.08	-1.01	-0.96	-0.91	-0.87	-0.82
	percent										
Set-aside rate	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
	euro per tonne, Jan.-Dec.										
Intervention price	101.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3	101.3
Market price	132.1	133.2	133.3	131.1	129.1	127.0	125.5	124.5	123.8	122.8	121.6

EU oilseeds

- Oilseed prices peaked in 2002 in the EU. In 2003, however, a resumption of normal production patterns sees projected prices fall.

- In the longer term, the strong euro coupled with increases in production in South America results in falling prices.

EU oilseed prices

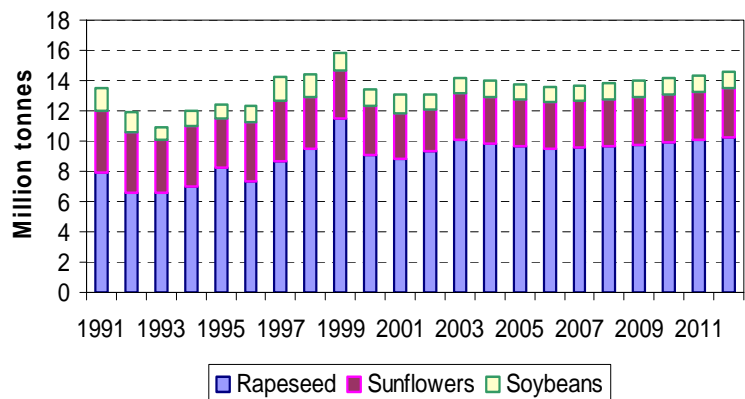


- Oilseed area and production have dropped this decade as a result of the equalisation of direct payment rates with those of the cereal sector.

- Some recovery in area in the short run is projected as a result of the poor returns from cereals in relation to oilseeds in recent years.

- In the longer run, yield increases result in a slight upward trend in production.

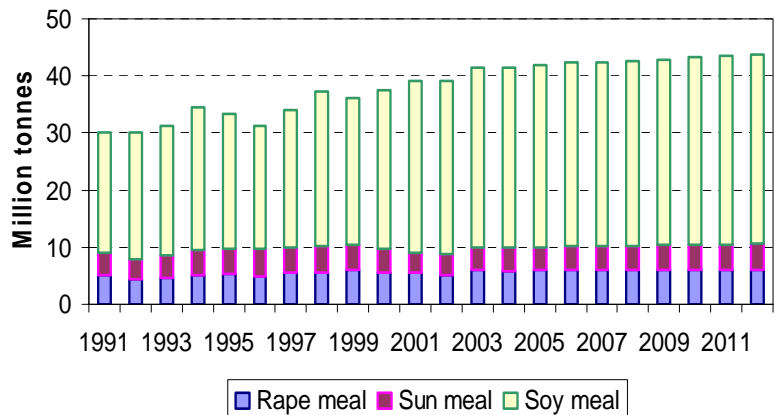
EU oilseed production



- The ban on meat and bone meal has resulted in an increase in the use of oilseed meal as a protein source in feed.

- Feed use grows slightly over the projection period, but overall growth is restricted by developments in the livestock sector where cattle numbers continue to fall, and there is only modest growth in poultry and pork.

EU oilseed meal domestic use



EU-15 rapeseed sector supply and utilisation

	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13
Rapeseed											
					thousand hectares						
Area harvested	3,106	3,201	3,082	2,999	2,918	2,920	2,924	2,940	2,961	2,982	3,006
					tonnes per hectare						
Yield	3.01	3.16	3.19	3.22	3.25	3.28	3.30	3.33	3.35	3.37	3.40
					thousand tonnes						
Production	9,363	10,109	9,835	9,656	9,487	9,569	9,655	9,780	9,922	10,062	10,215
Beginning stocks	343	265	274	272	271	270	270	271	271	272	272
Imports	2,354	1,996	2,210	2,247	2,265	2,162	2,072	1,961	1,843	1,723	1,597
Total supply	12,060	12,371	12,319	12,175	12,024	12,001	11,998	12,012	12,036	12,057	12,084
Domestic use	9,265	9,467	9,569	9,514	9,420	9,340	9,283	9,226	9,170	9,110	9,051
Crush	8,594	8,812	8,914	8,856	8,760	8,680	8,621	8,564	8,507	8,446	8,387
Other	671	655	655	658	660	661	662	662	663	664	664
Exports	2,530	2,629	2,478	2,390	2,334	2,390	2,445	2,515	2,594	2,674	2,760
Ending stocks	265	274	272	271	270	270	271	271	272	272	273
Net exports	176	633	268	143	69	228	372	553	751	952	1,163
					euro per tonne, marketing year basis						
Hamburg price	312.2	248.6	253.8	243.5	238.1	236.4	236.1	236.7	236.3	237.4	237.5
Rapeseed Meal											
					thousand tonnes						
Production	5,029	5,158	5,218	5,185	5,128	5,082	5,048	5,014	4,981	4,946	4,911
Beginning stocks	86	94	108	108	108	107	105	104	103	102	101
Imports	1,885	2,343	2,276	2,338	2,372	2,389	2,412	2,436	2,467	2,491	2,511
Total supply	7,000	7,595	7,602	7,631	7,609	7,578	7,565	7,554	7,552	7,539	7,523
Domestic use	5,144	5,981	5,892	5,962	5,978	5,970	5,979	5,990	6,012	6,021	6,024
Exports	1,762	1,507	1,601	1,561	1,524	1,502	1,482	1,461	1,437	1,417	1,399
Ending stocks	94	108	108	108	107	105	104	103	102	101	100
Net exports	-123	-836	-674	-777	-848	-887	-931	-974	-1,031	-1,074	-1,111
					euro per tonne, marketing year basis						
Hamburg price	141.7	107.6	111.1	109.1	108.9	109.1	109.0	109.2	109.2	109.7	110.4
Rapeseed Oil											
					thousand tonnes						
Production	3,448	3,535	3,576	3,552	3,513	3,481	3,457	3,434	3,411	3,387	3,363
Beginning stocks	307	201	239	242	247	249	249	248	248	247	246
Imports	1,416	1,432	1,423	1,458	1,489	1,510	1,531	1,555	1,582	1,608	1,636
Total supply	5,171	5,168	5,237	5,253	5,249	5,240	5,237	5,238	5,241	5,243	5,245
Domestic use	3,207	3,333	3,364	3,425	3,470	3,504	3,539	3,574	3,610	3,645	3,680
Exports	1,763	1,598	1,631	1,580	1,531	1,487	1,450	1,416	1,383	1,351	1,319
Ending stocks	201	239	242	247	249	249	248	248	247	246	246
Net exports	347	167	208	122	42	-23	-81	-139	-199	-257	-317
					euro per tonne, marketing year basis						
Hamburg price	650.0	572.4	580.2	556.5	542.1	535.9	534.4	533.5	530.8	530.0	526.8

EU-15 sunflowerseed sector supply and utilisation

	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13
Sunflowerseed											
Area harvested	1,663	1,818	1,821	1,792	1,745	1,731	1,718	1,716	1,720	1,722	1,724
	thousand hectares										
Yield	1.65	1.68	1.71	1.74	1.77	1.79	1.81	1.83	1.85	1.87	1.89
	tonnes per hectare										
Production	2,750	3,055	3,114	3,118	3,082	3,093	3,108	3,140	3,184	3,223	3,261
	thousand tonnes										
Beginning stocks	346	283	344	358	367	370	376	378	382	389	394
Imports	1,918	1,744	1,711	1,720	1,759	1,764	1,758	1,742	1,726	1,705	1,689
Total supply	5,014	5,082	5,169	5,195	5,209	5,227	5,242	5,260	5,292	5,316	5,345
Domestic use	4,138	4,121	4,159	4,162	4,177	4,179	4,178	4,176	4,180	4,178	4,182
Crush	3,748	3,702	3,734	3,730	3,737	3,732	3,726	3,719	3,717	3,709	3,707
Other	390	419	424	432	440	446	452	457	463	469	475
Exports	593	617	653	666	661	673	685	703	723	744	762
Ending stocks	283	344	358	367	370	376	378	382	389	394	401
Net exports	-1,325	-1,127	-1,058	-1,054	-1,099	-1,091	-1,072	-1,039	-1,003	-960	-927
	euro per tonne, marketing year basis										
Lower Rhine price	319.7	274.3	274.7	266.3	258.3	254.3	253.7	253.6	251.5	250.7	247.9
Sunflower meal											
Production	1,956	1,928	1,943	1,940	1,942	1,939	1,935	1,931	1,930	1,925	1,924
	thousand tonnes										
Beginning stocks	132	104	128	131	134	137	139	140	142	143	144
Imports	2,107	2,520	2,483	2,552	2,644	2,713	2,744	2,776	2,825	2,875	2,953
Total supply	4,195	4,552	4,555	4,623	4,720	4,789	4,818	4,847	4,896	4,943	5,021
Domestic use	3,662	4,024	4,014	4,090	4,197	4,275	4,309	4,343	4,398	4,453	4,542
Exports	429	400	410	400	386	374	369	363	355	346	333
Ending stocks	104	128	131	134	137	139	140	142	143	144	146
Net exports	-1,678	-2,120	-2,073	-2,153	-2,258	-2,339	-2,375	-2,413	-2,470	-2,529	-2,620
	euro per tonne, marketing year basis										
Rotterdam price	117.2	99.4	101.1	100.0	98.5	97.4	97.2	97.1	96.8	96.5	95.6
Sunflower oil											
Production	1,561	1,542	1,556	1,554	1,557	1,555	1,553	1,549	1,549	1,545	1,545
	thousand tonnes										
Beginning stocks	211	200	212	214	220	224	227	228	228	229	229
Imports	1,237	1,294	1,294	1,309	1,318	1,326	1,331	1,338	1,346	1,354	1,362
Total supply	3,009	3,036	3,062	3,077	3,094	3,105	3,111	3,115	3,122	3,128	3,136
Domestic use	2,037	2,141	2,150	2,167	2,182	2,197	2,207	2,217	2,231	2,245	2,260
Exports	772	682	698	691	688	681	677	670	662	654	646
Ending stocks	200	212	214	220	224	227	228	228	229	229	230
Net exports	-465	-611	-596	-619	-630	-644	-655	-668	-683	-700	-716
	euro per tonne, marketing year basis										
Northwest Europe price	692.6	611.3	619.0	599.5	585.1	577.0	576.1	575.8	572.4	570.3	565.7

EU-15 soybean sector supply and utilisation

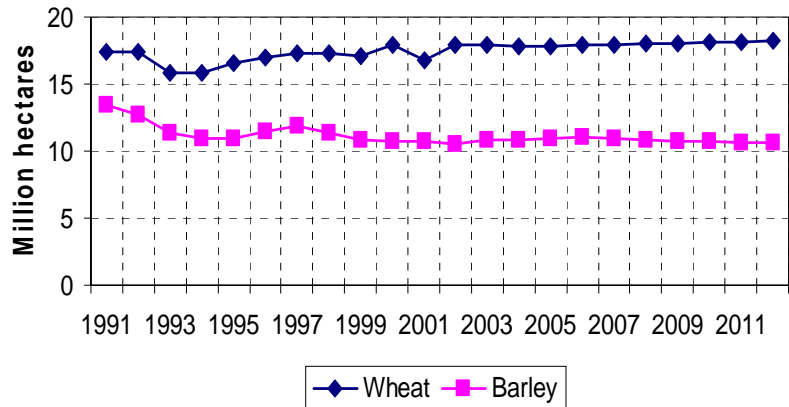
	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13
Soybeans											
Area harvested	297	321	317	308	thousand hectares						
Yield	3.21	3.23	3.26	3.30	tonnes per hectare						
Production	952	1,035	1,031	1,015	thousand tonnes						
Beginning stocks	1,081	970	1,067	1,091	1,103	1,108	1,112	1,115	1,118	1,120	1,121
Imports	20,598	21,379	21,751	21,912	21,978	21,975	21,966	21,967	21,975	21,983	22,009
Total supply	22,631	23,384	23,849	24,018	24,085	24,103	24,116	24,138	24,164	24,188	24,231
Domestic use	19,745	20,386	20,827	20,985	21,046	21,061	21,071	21,090	21,114	21,138	21,179
Crush	17,897	18,547	18,985	19,139	19,197	19,209	19,217	19,234	19,256	19,277	19,317
Other	1,848	1,839	1,842	1,846	1,849	1,852	1,854	1,856	1,859	1,861	1,862
Exports	1,916	1,931	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930
Ending stocks	970	1,067	1,091	1,103	1,108	1,112	1,115	1,118	1,120	1,121	1,122
Net exports	-18,682	-19,448	-19,821	-19,981	-20,047	-20,045	-20,036	-20,037	-20,045	-20,053	-20,079
Rotterdam price	255.7	213.7	212.2	208.4	205.8	204.2	203.5	202.4	201.6	200.9	200.3
euro per tonne, marketing year basis											
Soybean meal											
Production	14,226	14,743	15,092	15,214	thousand tonnes						
Beginning stocks	707	702	814	851	869	874	877	878	881	883	886
Imports	22,025	22,684	22,557	22,703	22,802	22,894	22,988	23,162	23,346	23,536	23,620
Total supply	36,958	38,129	38,463	38,769	38,931	39,038	39,141	39,331	39,535	39,743	39,862
Domestic use	30,224	31,331	31,599	31,920	32,101	32,226	32,345	32,562	32,797	33,037	33,170
Exports	6,032	5,984	6,012	5,980	5,956	5,935	5,918	5,887	5,855	5,821	5,805
Ending stocks	702	814	851	869	874	877	878	881	883	886	886
Net exports	-15,993	-16,699	-16,544	-16,723	-16,846	-16,958	-17,070	-17,275	-17,492	-17,715	-17,815
Rotterdam price	195.0	160.9	161.1	159.4	159.3	158.9	158.7	158.1	157.7	157.4	158.1
euro per tonne, marketing year basis											
Soybean oil											
Production	3,210	3,327	3,405	3,433	thousand tonnes						
Beginning stocks	279	236	254	262	269	275	278	280	281	282	284
Imports	592	545	533	534	538	542	547	553	561	569	575
Total supply	4,081	4,108	4,192	4,228	4,250	4,262	4,271	4,283	4,296	4,309	4,324
Domestic use	1,919	1,832	1,858	1,892	1,925	1,954	1,977	1,999	2,017	2,036	2,057
Exports	1,926	2,021	2,073	2,067	2,050	2,030	2,014	2,003	1,996	1,989	1,981
Ending stocks	236	254	262	269	275	278	280	281	282	284	285
Net exports	1,334	1,476	1,540	1,533	1,513	1,489	1,468	1,450	1,435	1,420	1,406
Rotterdam price	623.3	578.6	581.1	559.1	541.3	530.1	525.1	521.6	517.8	515.2	509.5
euro per tonne, marketing year basis											

EU cereal and oilseed area

- **Wheat area** increases slightly over the projection period as a result of the fact that although the price outlook is poor, wheat yields, and therefore returns, grow faster than those for other cereals.

- **Barley area** remains constant over the projection period.

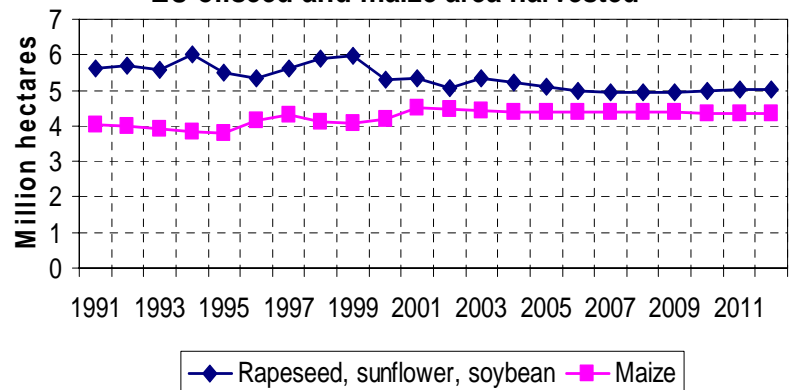
EU wheat and barley area harvested



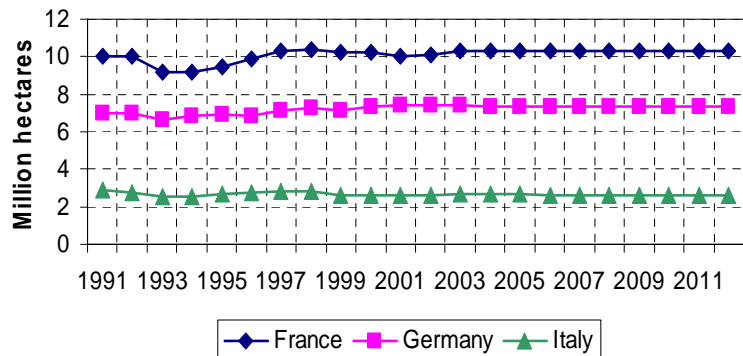
- After effects of recent years on the relative prices of oilseeds and cereals disappear, **oilseed area** returns to the 2002 level

- **Maize area** shows little change in area over the projection period.

EU oilseed and maize area harvested



Area harvested for 7 cereals and oilseeds



- The arable area harvested for the **individual countries** mirrors that of the sector as a whole with little change in area of the major crops.

EU-15 area harvested

	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13
EU-15 totals	thousand hectares										
Soft wheat	14,085	14,059	14,030	14,058	14,084	14,135	14,197	14,264	14,319	14,369	14,408
Durum	3,862	3,851	3,821	3,801	3,787	3,794	3,796	3,798	3,799	3,801	3,802
Barley	10,509	10,791	10,885	10,934	10,998	10,915	10,843	10,770	10,709	10,652	10,610
Maize for grain	4,464	4,416	4,390	4,395	4,392	4,396	4,385	4,372	4,362	4,358	4,353
Rye	1,078	908	957	946	948	955	962	964	963	961	957
Rice	404	396	397	399	398	397	396	394	390	387	385
Rapeseed	3,106	3,201	3,082	2,999	2,918	2,920	2,924	2,940	2,961	2,982	3,006
Sunflowers	1,663	1,818	1,821	1,792	1,745	1,731	1,718	1,716	1,720	1,722	1,724
Soybeans	297	321	317	308	301	302	304	306	307	308	309
9-crop totals											
EU-15	39,467	39,760	39,699	39,634	39,572	39,546	39,526	39,525	39,531	39,539	39,553
France	10,491	10,686	10,674	10,661	10,652	10,656	10,661	10,673	10,686	10,701	10,719
Germany	7,444	7,394	7,377	7,366	7,356	7,355	7,353	7,356	7,362	7,366	7,373
Ireland	281	265	265	265	264	264	264	264	264	264	264
Italy	4,524	4,569	4,550	4,533	4,517	4,508	4,498	4,489	4,481	4,475	4,469
United Kingdom	3,492	3,516	3,522	3,518	3,515	3,512	3,514	3,517	3,520	3,521	3,522
Other EU	13,241	13,329	13,312	13,292	13,267	13,252	13,236	13,226	13,218	13,211	13,207
Soft wheat and durum											
EU-15	17,947	17,910	17,851	17,859	17,871	17,929	17,993	18,062	18,118	18,170	18,210
France	5,234	5,219	5,260	5,278	5,299	5,309	5,325	5,343	5,357	5,369	5,380
Germany	3,017	2,971	2,904	2,918	2,923	2,930	2,938	2,948	2,956	2,962	2,967
Ireland	103	82	82	82	81	81	82	82	82	82	81
Italy	2,378	2,308	2,300	2,292	2,290	2,291	2,291	2,292	2,292	2,292	2,292
United Kingdom	1,990	1,959	1,952	1,939	1,928	1,927	1,929	1,933	1,935	1,935	1,934
Other EU	5,230	5,371	5,352	5,350	5,350	5,392	5,427	5,464	5,496	5,529	5,555
Barley, maize, and rye											
EU-15	16,050	16,114	16,232	16,276	16,338	16,267	16,190	16,107	16,034	15,971	15,920
France	3,488	3,607	3,600	3,616	3,639	3,639	3,632	3,622	3,614	3,611	3,609
Germany	3,102	3,038	3,122	3,125	3,134	3,122	3,108	3,093	3,081	3,070	3,061
Ireland	176	182	181	181	181	181	180	180	180	180	180
Italy	1,515	1,566	1,562	1,567	1,566	1,560	1,553	1,545	1,539	1,534	1,530
United Kingdom	1,072	1,106	1,131	1,148	1,164	1,161	1,158	1,155	1,152	1,149	1,148
Other EU	6,698	6,615	6,635	6,640	6,654	6,604	6,559	6,511	6,468	6,426	6,392
Rice											
EU-15	404	396	397	399	398	397	396	394	390	387	385
France	19	19	19	20	21	21	21	21	20	20	20
Italy	226	225	223	222	220	219	218	216	215	213	212
Other EU	159	152	155	156	157	158	157	157	155	154	153
Rape, sun, and soya											
EU-15	5,066	5,340	5,219	5,099	4,964	4,953	4,947	4,962	4,989	5,012	5,039
France	1,750	1,841	1,795	1,746	1,694	1,688	1,683	1,686	1,695	1,702	1,710
Germany	1,325	1,386	1,351	1,322	1,299	1,303	1,307	1,315	1,325	1,335	1,345
Ireland	2	2	2	2	2	2	2	2	2	2	2
Italy	405	471	464	452	440	437	436	435	436	435	435
United Kingdom	430	451	438	431	423	425	426	429	433	437	441
Other EU	1,154	1,190	1,170	1,145	1,106	1,099	1,093	1,094	1,099	1,102	1,106

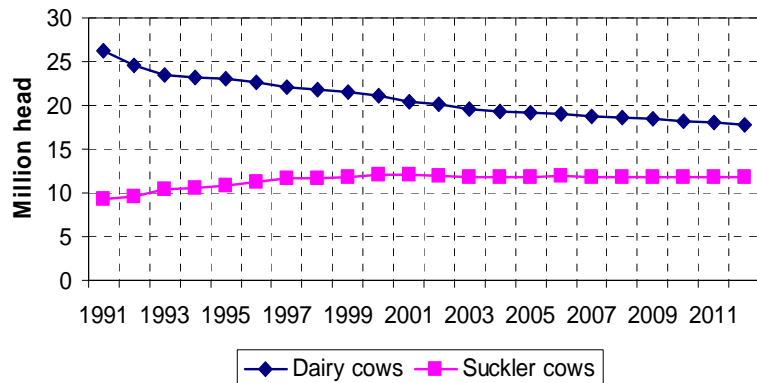
EU livestock

- Since the dairy quota remains in place with only small increases to be phased in under Agenda 2000, yield increases result in a drop in the number of **dairy cows** consistent with recent trends.

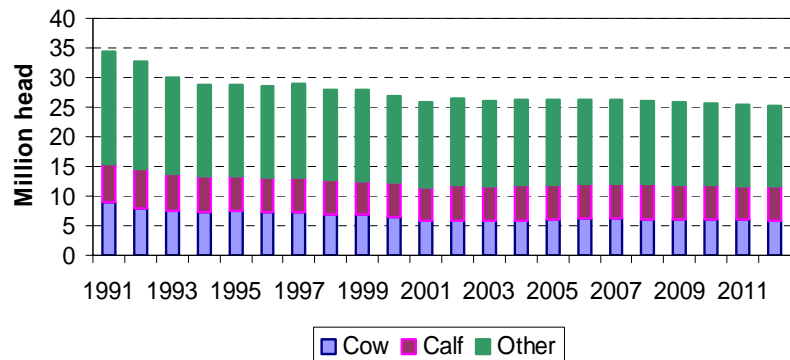
- Beef cow** numbers have fallen in recent years as a result of the changes made in Agenda 2000, the BSE crisis and policy changes implemented as a result of that, and to a lesser extent FMD.

- There is **no projected recovery** in beef cow numbers over the duration of the projections. Cattle numbers fall by nearly 8 percent between 2002 and 2012.

Beginning EU cow inventories



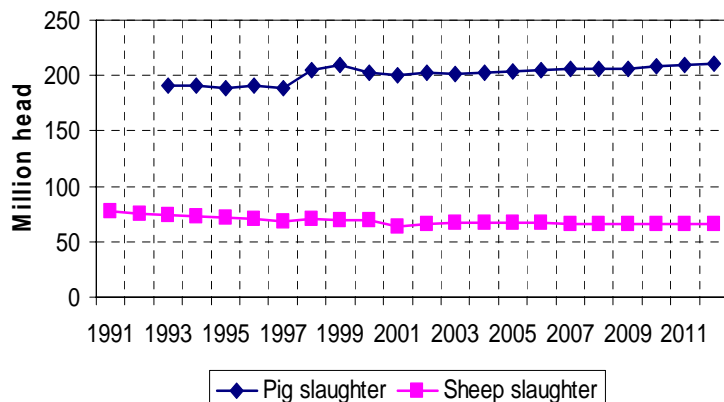
EU cattle slaughter



- It is assumed that **OTMS** is phased out from 2005 onwards.

- However, the reduction in the breeding herd outlined above means that **slaughterings** fall once OTMS has been phased out.

Pig and sheep slaughter



- In the medium term sow numbers in the EU recover and the result is an upward trend in **pig slaughterings**.

- The EU **ewe flock** has shrunk dramatically in the last few years, with FMD undoubtedly contributing. Despite the resultant high prices there has been little sign of a recovery.

- The rate of the decrease in the ewe flock slows, but ewe numbers and **sheep slaughterings** continue to fall over the period.

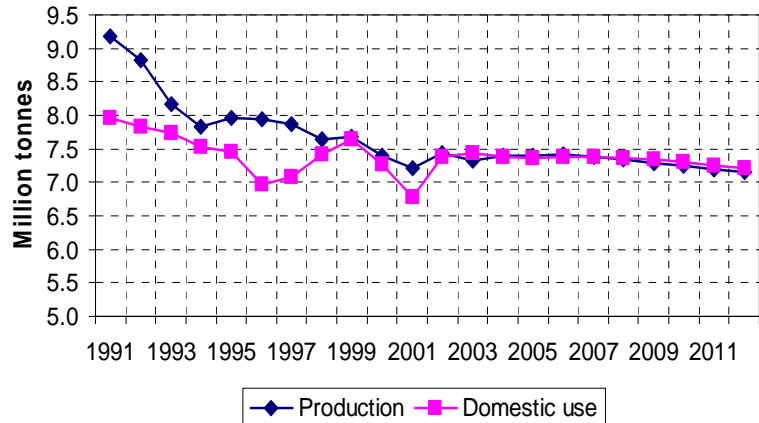
EU-15 livestock supply

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Cattle											
	million head										
Beginning inventories	80.36	78.69	78.31	77.81	77.33	76.82	76.29	75.71	75.14	74.60	74.12
Dairy cows	20.15	19.52	19.35	19.12	18.98	18.82	18.66	18.44	18.23	18.02	17.82
Suckler cows	12.00	11.85	11.81	11.85	11.88	11.84	11.81	11.79	11.79	11.81	11.85
Suckler cow quota	10.82	10.82	10.82	10.82	10.82	10.82	10.82	10.82	10.82	10.82	10.82
Cattle slaughter	26.47	26.09	26.23	26.25	26.35	26.19	26.06	25.83	25.62	25.41	25.22
	kilograms per head										
Slaughter weight	280.7	280.8	281.9	282.2	281.8	281.8	282.0	282.3	282.7	283.1	283.5
Pigs											
	million head										
Beginning inventories	122.24	122.67	122.36	123.24	124.40	124.60	124.42	124.70	125.38	126.18	126.82
Sows	12.39	12.29	12.29	12.40	12.43	12.34	12.31	12.32	12.36	12.39	12.41
Pig slaughter	202.02	201.78	202.03	203.92	205.42	205.49	205.55	206.39	207.80	209.22	210.26
	kilograms per head										
Slaughter weight	87.6	88.0	88.3	88.5	88.5	88.7	88.8	89.1	89.2	89.4	89.4
Sheep											
	million head										
Beginning inventories	90.31	90.63	91.15	91.03	90.51	89.95	89.71	89.52	89.20	88.81	88.44
Ewes	65.42	65.85	66.07	65.78	65.35	64.96	64.87	64.72	64.47	64.20	63.97
Sheep slaughter	66.29	66.60	67.45	67.54	67.13	66.46	66.32	66.28	66.08	65.77	65.54
	kilograms per head										
Slaughter weight	16.5	16.4	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5

EU meat

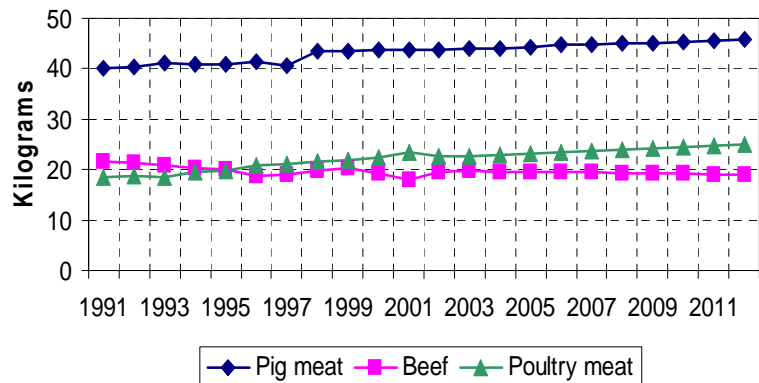
EU beef production and domestic use

- **Consumption** of beef in the EU has recovered more quickly than most had expected, with consumption levels in 2003 likely to be close to pre-BSE scare levels, albeit at a lower price.
- The **long term** downward trend in beef consumption means that per capita consumption never recovers to above 19.5 kg, and ends the period at 18.3 kg/head.
- **Beef production** also falls over the period as the breeding herd decreases.



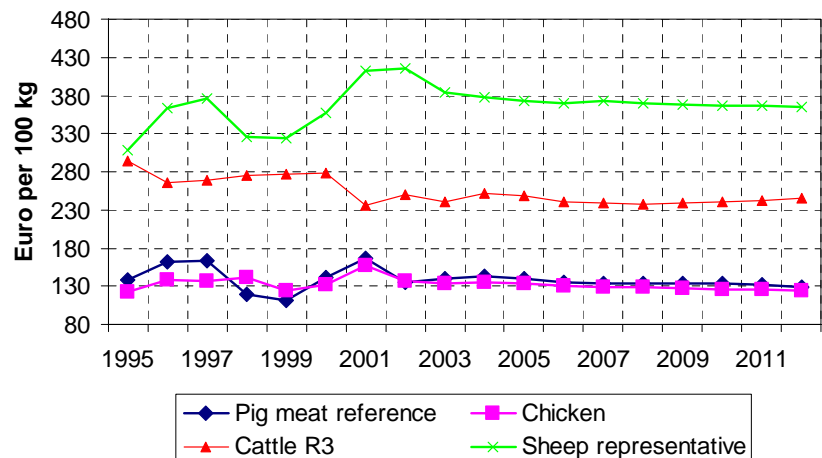
- **Poultry** has typically benefited from the drop in beef consumption that has resulted from the BSE crises.
- Over the projection period, **pork and poultry consumption** grows as incomes increase.

Meat consumption per capita



EU meat prices

- The reduction in ewe numbers and import restrictions mean that **sheepmeat prices** remain high over the projection period.
- Movements in the production and consumption of beef largely offset each other, leaving **beef prices** near 2003 levels in 2012.
- **Pork and poultry prices** are projected to be close to the historical average of around 130 euro per 100kg.



EU-15 meat supply and utilisation

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Beef and veal											
	thousand tonnes										
Production	7,431	7,326	7,396	7,408	7,425	7,381	7,347	7,293	7,242	7,194	7,151
Non-EU imports	450	458	464	469	473	484	491	498	503	506	508
Domestic use	7,390	7,444	7,386	7,369	7,387	7,382	7,370	7,340	7,300	7,258	7,209
Non-EU exports	530	569	517	507	511	482	468	451	444	442	450
Stock change	-39	-228	-42	0	0	0	0	0	0	0	0
Intervention/SPS stocks	270	42	0	0	0	0	0	0	0	0	0
Pig meat											
Production	17,690	17,757	17,845	18,037	18,172	18,217	18,262	18,381	18,538	18,696	18,806
Non-EU imports	50	52	53	54	55	57	58	58	59	59	61
Domestic use	16,540	16,644	16,687	16,826	16,980	17,041	17,091	17,140	17,221	17,310	17,440
Non-EU exports	1,200	1,150	1,213	1,256	1,233	1,229	1,229	1,301	1,375	1,443	1,422
Stock change	0	15	-3	9	14	3	0	-1	1	2	5
Poultry meat											
Production	8,972	8,858	8,945	9,043	9,119	9,220	9,328	9,442	9,552	9,663	9,766
Non-EU imports	711	742	748	754	759	764	768	773	778	782	787
Domestic use	8,582	8,602	8,703	8,805	8,884	8,989	9,098	9,212	9,321	9,431	9,532
Non-EU exports	1,093	992	987	983	984	987	992	997	1,002	1,008	1,014
Stock change	8	6	2	9	10	7	7	6	6	6	6
Sheep meat											
Production	1,091	1,094	1,110	1,112	1,105	1,095	1,093	1,094	1,091	1,087	1,083
Non-EU imports	255	258	258	259	261	264	265	267	269	272	274
Domestic use	1,342	1,349	1,365	1,368	1,363	1,355	1,356	1,358	1,358	1,356	1,355
Non-EU exports	3	3	3	3	3	3	3	3	3	3	3
Stock change	2	0	0	0	0	0	0	0	0	0	0
Consumption											
	kilograms per capita, cwe										
Beef and veal	19.55	19.67	19.49	19.43	19.46	19.43	19.39	19.30	19.18	19.07	18.93
Pig meat	43.75	43.97	44.04	44.37	44.73	44.86	44.96	45.06	45.25	45.47	45.80
Poultry meat	22.70	22.73	22.97	23.22	23.40	23.66	23.93	24.22	24.49	24.77	25.03
Sheep meat	3.55	3.56	3.60	3.61	3.59	3.57	3.57	3.57	3.57	3.56	3.56
Total	89.55	89.93	90.11	90.63	91.19	91.52	91.85	92.15	92.50	92.87	93.32
Premia											
	euro per head										
Male bovine premium	210.0	210.0	210.0	210.0	210.0	210.0	210.0	210.0	210.0	210.0	210.0
Suckler cow premium	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
Prices											
	euro per 100 kilograms										
Young cattle R3	250.5	241.4	251.2	249.2	240.6	238.4	237.2	238.6	240.5	242.7	244.8
Pig meat reference	135.8	139.7	143.0	139.8	134.7	134.0	133.7	133.8	132.9	131.8	129.2
Chicken	137.1	132.8	135.1	133.2	130.7	129.4	128.2	127.4	126.4	125.5	124.5
Sheep meat reference	415.2	384.5	378.0	372.5	369.1	372.2	369.9	367.6	366.3	366.5	364.8
Beef intervention	278.0	156.0	156.0	156.0	156.0	156.0	156.0	156.0	156.0	156.0	156.0

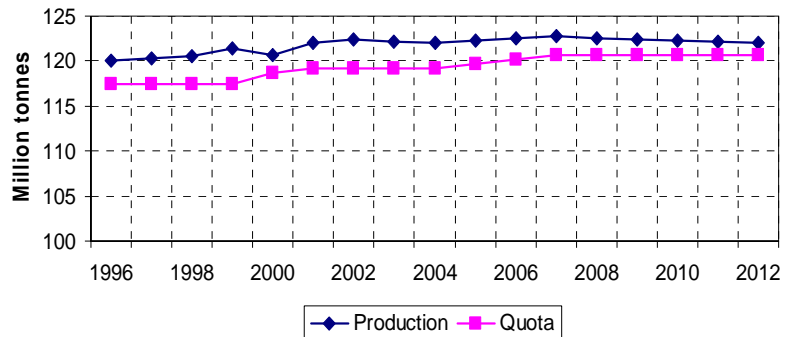
EU dairy

- **Milk production** increased in 2002 in line with the extra quota agreed under Agenda 2000.

- Production throughout the projection period is determined by the quota and, therefore, increases along with further Agenda 2000 **quota** expansion.

- As the fat content of the milk increases over time, the production of milk relative to the quota falls.

EU milk production and quota

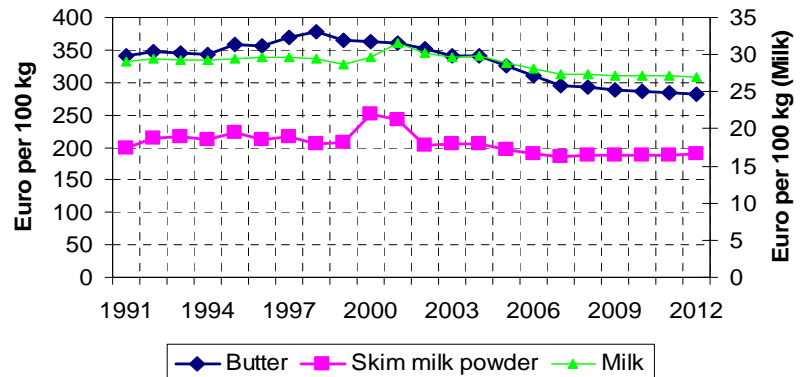


- The poor market conditions in 2002 saw the build up of significant **intervention stocks** of SMP and butter.

- The disposal of these stocks as intervention prices fall means that market **prices of butter and SMP** track the reduction in intervention prices.

- As commodity prices fall, so does the **milk price**, which lies just above 27 euro per 100 kg in 2012.

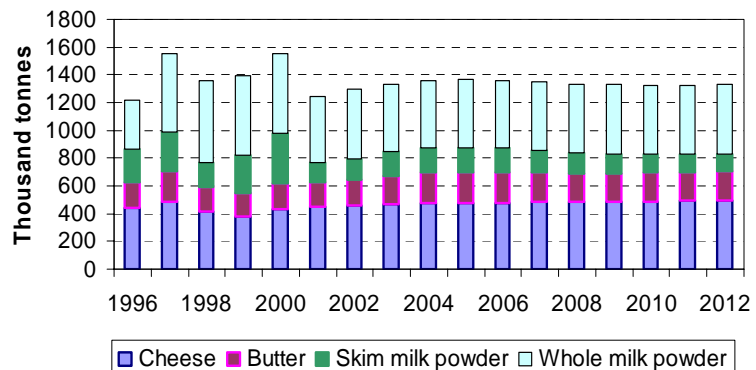
EU butter and skim milk powder prices



- The strength of the euro, coupled with the weakness of international dairy markets means that WTO limits on **subsidized exports** could become binding.

- A small increase in exports is projected to 2004, but exports remain well below their peak of 2000.

EU dairy product exports



EU-15 dairy supply and utilisation

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	thousand head, end of year										
Dairy cows	19,517	19,352	19,124	18,975	18,818	18,662	18,436	18,227	18,022	17,822	17,626
	kilograms										
Production/cow	6,272	6,311	6,380	6,446	6,512	6,579	6,649	6,717	6,785	6,852	6,920
Fluid milk	million tonnes										
Cow's milk production	122.40	122.14	122.00	122.31	122.55	122.78	122.58	122.43	122.27	122.12	121.97
Milk quota	119.18	119.18	119.18	119.66	120.14	120.62	120.62	120.62	120.62	120.62	120.62
Other milk production	4.11	4.12	4.13	4.14	4.15	4.16	4.17	4.18	4.19	4.20	4.21
Fluid consumption	32.79	32.64	32.57	32.67	32.74	32.76	32.63	32.52	32.40	32.29	32.16
Manufacturing use	89.11	89.11	89.09	89.34	89.54	89.77	89.73	89.75	89.76	89.77	89.78
Feed use, net exports	4.61	4.51	4.47	4.43	4.42	4.40	4.38	4.34	4.30	4.27	4.23
Cheese	thousand tonnes										
Production	7,219	7,273	7,326	7,428	7,519	7,611	7,645	7,687	7,727	7,768	7,806
Non-EU imports	133	152	154	156	157	159	161	163	165	167	169
Domestic use	6,931	6,960	7,007	7,103	7,192	7,281	7,320	7,362	7,402	7,444	7,482
Non-EU exports	463	464	472	475	479	484	485	487	489	491	493
Ending stocks	442	443	444	449	455	460	462	462	462	462	462
Butter	thousand tonnes										
Production	1,870	1,847	1,840	1,828	1,815	1,805	1,803	1,800	1,796	1,793	1,790
Non-EU imports	115	115	115	115	115	115	115	115	115	115	115
Domestic use	1,705	1,725	1,719	1,723	1,725	1,727	1,720	1,714	1,707	1,700	1,693
Non-EU exports	185	207	220	223	217	211	205	204	206	208	211
Ending stocks	237	267	282	279	267	249	241	238	237	237	239
Skim powder	thousand tonnes										
Production	1,063	1,018	996	958	920	886	879	869	860	849	841
Non-EU imports	59	57	57	57	57	57	57	57	57	57	57
Domestic use	882	852	846	842	837	830	821	811	801	792	781
Non-EU exports	150	175	182	180	173	160	146	138	132	127	124
Ending stocks	254	302	326	319	285	238	207	184	167	154	146
Whole powder	thousand tonnes										
Production	836	824	820	821	827	832	830	829	828	827	825
Non-EU imports	16	16	16	16	16	16	16	16	16	16	16
Domestic use	352	350	348	350	350	351	349	347	345	343	341
Non-EU exports	500	489	487	487	492	498	498	499	500	501	501
Ending stocks	42	43	43	44	44	44	44	43	43	42	41
Consumption	kilograms per capita										
Fluid milk	86.75	86.23	85.98	86.16	86.24	86.25	85.85	85.49	85.14	84.81	84.46
Cheese	18.34	18.39	18.49	18.73	18.95	19.17	19.26	19.36	19.45	19.55	19.65
Butter	4.51	4.56	4.54	4.54	4.55	4.55	4.53	4.51	4.48	4.46	4.45
Prices	euro per 100 kilograms										
Milk, 3.7% fat	30.1	29.6	29.8	28.9	28.1	27.3	27.3	27.2	27.2	27.1	27.1
Cheese market	496.3	488.8	491.8	480.1	467.9	456.2	456.0	455.3	454.4	453.6	452.8
Butter market	352.9	341.0	340.6	325.1	309.6	294.6	292.0	289.6	287.2	284.5	281.3
SMP market	204.0	204.7	205.0	197.6	191.0	185.6	187.2	187.8	188.3	188.9	190.1
WMP market	248.7	243.0	243.8	236.1	229.2	222.5	222.6	222.3	222.0	221.7	221.4
Butter intervention	328.2	328.2	328.2	311.8	295.4	279.0	279.0	279.0	279.0	279.0	279.0
SMP intervention	205.5	205.5	205.5	195.2	185.0	174.7	174.7	174.7	174.7	174.7	174.7

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Scenario Results

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Scenario policy assumptions

A policy analysis of the combined effects of the Commission's CAP reform proposal of January 2003 and the Commission's submission to the WTO regarding modalities discussions was carried out at the request of the FAPRI Ireland Partnership Steering group. There follows a brief discussion of the results, full details of which can be downloaded from the FAPRI-Ireland website (www.tnet.teagasc.ie/fapri/).

Incorporation of Cap Reform Proposals

The legislative proposals published in January 2003 as a 'Long Term Perspective' (LTP) for the sector comprised a fundamental change in the way support is provided to the sector. The proposals were similar to those that were unveiled as part of the Mid-Term Review in 2002. The main features of the proposal were:

Crops: The intervention price for cereals is reduced by 5 percent from 2004/2005. The arable area aid payment is increased to 66 euro/tonne. The durum supplement is reduced to 250 euro/tonne, the specific aid payment is phased out and a quality payment introduced. Rotational set aside is replaced by 10 percent permanent set aside.

Dairy: The quota system is maintained. The SMP intervention price is reduced by 3.5 percent a year over five years from 2004. The butter intervention price is reduced by 7 percent over these years. In addition to the quota increases agreed in Agenda 2000, dairy quotas are increased by 1 percent per year in 2007 and 2008.

Decoupling: Most of the existing payments are decoupled from production. This is achieved through the conversion of payments into a single farm payment that is linked to the land. The entitlement is based on the level of historical claims, with 2000-2002 as the reference period for all sectors with the exception of dairy.

Cross-compliance: In order to receive the payment producers must meet certain standards in relation to the environment, food safety, and animal health and welfare. Land must be maintained in 'good agricultural condition'. These conditions mean that the payment cannot be considered as being fully decoupled from production.

Degression and modulation: The single farm payment is reduced by up to 19 percent phased between 2006 and 2012. Up to 6 percent of this is redirected into the rural development budget. The remainder is used to fund reform in other sectors. The amount of the payment subject to reduction is dependent on the size of the payment that a farm receives.

Incorporation of the Modalities Proposals

The scenario includes adjustments based on a particular interpretation of the paper the Commission submitted to the WTO regarding modalities. There is a large degree of flexibility as to how the proposal could be implemented in practice. The main features of the proposal in relation to this exercise are:

Market access: Tariff rates for all imports are reduced by 36 percent. The proposal calls for an average cut of 36 percent and a minimum of 15 percent. In the past tariffs for sensitive products have been cut by the minimum amount.

Export subsidies: The limit on value of export subsidies is reduced by 45 percent for all commodities. The URAA established reductions for both volume and value limits on subsidized exports. The EU proposal only specifies a reduction for value. In the proposal this is an average reduction and, as with import tariffs, the reductions for sensitive products could be lower.

Domestic support: The EU proposal calls for a reduction in the AMS of 55 percent. The changes made as a result of the Agenda 2000 agreement have meant that since 1999 there has been a significant reduction in the amount of spending counted towards the AMS. Our calculations show that even a cut of 55 percent would not require the EU to alter policies, especially under the LTP.

Commission behaviour

As in the baseline, the projections from the scenario depend in many instances on the behaviour of the Commission in particular through the way that export subsidies are used. Although there is a reduction in the allowed value of export subsidies, there is still some scope in many cases for the Commission to affect prices in the EU.

In the scenario the assumption has been made that export subsidy expenditure would not be increased for any commodity under the scenario.

EU cereals – impact of LTP/WTO scenario

	2004 Baseline	2004 Scenario	% Change	2012 Baseline	2012 Scenario	% Change
Price	euro per 100 kilograms					
Soft Wheat	117.3	117.9	0.5	107	105.9	-1.0
Barley	110.4	109.3	-1.0	99.5	98.7	-0.8
Maize	133.3	133.9	-0.5	121.6	121.4	-0.2
Area	thousand hectare					
Wheat	17,851	17,544	-1.7	18,210	17,732	-2.6
Barley	10,855	10,765	-1.1	10,610	10,565	-0.4
Maize	4,390	4,366	-0.5	4,353	4,361	0.2
Production	million tonnes					
Wheat	104.4	103.7	-0.7	120.1	117.7	-2.0
Barley	51.3	50.8	-0.9	54.1	54.0	-0.3
Maize	10.6	40.4	-0.4	43.9	44.0	0.2

- Direct payments in the cereals and oilseeds sectors are less coupled than for the beef and sheep regimes as producers may decide themselves which of the crops are grown and can even claim payments on land voluntarily set aside where available.

- The LTP requires 10 percent permanent set aside. This provision will tend to reduce crop area as industrial crops currently planted on rotational set aside will compete with other crops.

- Land put into a permanent set aside scheme would be the least productive land. As the more productive land will stay in use, average yields should thus rise.

- In this scenario the area of soft wheat falls by more than that of other cereals, the opposite of the earlier study carried out of the MTR by FAPRI for the Commission. This shows the importance of the evolution of the baseline. In this baseline the stronger euro projection means that wheat is no longer exported without subsidy and therefore falls along with other cereals.

- The biggest changes from the LTP are in the durum wheat and rye sectors. Durum wheat direct payments are reduced significantly. In rye, it is proposed that intervention be eliminated. The result of these changes is that the area of both crops is reduced (although part of the change to the rye area is already captured in the baseline where producers in Germany have already responded to the proposals by planting less area.)

- The changes in the cereals sector result in a 2 percent increase in world soft wheat prices, with barley and maize world prices increasing by slightly less than one percent.

- Whilst the strengthening of the euro means that the prospect of unsubsidized cereal exports recedes, the changes made to the cereal sector intervention prices under the reforms mean that the value limit on refunds, even with the reductions under the EU proposal, is unlikely to be exceeded.

- The impact of the reduction on import tariffs is difficult to quantify. 2002 saw a large volume of imports of feed wheat and barley entering the EU at zero duty. The quirk in the tariff calculation that caused this has been fixed by imposing a quota system with a prohibitive out of quota duty.

EU-15 wheat: scenario change from baseline

	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13
Soft wheat											
Area harvested	0.0%	0.0%	-0.3%	-0.5%	-0.2%	-0.2%	-1.3%	-1.7%	-1.9%	-2.0%	-2.0%
Yield	0.0%	0.0%	0.2%	0.1%	0.1%	0.0%	0.2%	0.2%	0.2%	0.2%	0.2%
Production	0.0%	0.0%	-0.2%	-0.4%	-0.1%	-0.2%	-1.1%	-1.5%	-1.7%	-1.8%	-1.8%
Beginning stocks	0.0%	0.0%	0.0%	-0.3%	-0.6%	-1.2%	-3.3%	-7.0%	-10.0%	-12.4%	-14.7%
Imports	0.0%	0.0%	-0.3%	-0.4%	-0.2%	0.3%	1.0%	1.6%	2.0%	2.0%	1.7%
Total supply	0.0%	0.0%	-0.2%	-0.4%	-0.2%	-0.2%	-0.9%	-1.5%	-1.9%	-2.3%	-2.7%
Domestic use	0.0%	0.0%	-0.1%	-0.2%	0.1%	0.6%	0.5%	0.6%	0.8%	0.7%	0.4%
Feed	0.0%	0.0%	-0.2%	-0.4%	0.0%	1.0%	0.9%	1.0%	1.2%	1.1%	0.6%
Other	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.1%	0.2%	0.2%	0.2%	0.1%
Exports	0.0%	0.0%	-0.4%	-0.7%	-0.4%	-0.7%	-1.8%	-2.6%	-3.4%	-3.3%	-2.8%
Ending stocks	0.0%	0.0%	-0.3%	-0.6%	-1.2%	-3.3%	-7.0%	-10.0%	-12.4%	-14.7%	-17.0%
Loss, statistical disc.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net exports	0.0%	0.0%	-0.7%	-1.8%	-1.1%	-4.4%	-10.9%	-14.5%	-17.1%	-15.7%	-12.3%
Set-aside rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Intervention price	0.0%	0.0%	-8.2%	-8.2%	-8.2%	-8.2%	-8.2%	-8.2%	-8.2%	-8.2%	-8.2%
Market price	0.0%	0.0%	0.5%	0.8%	-0.8%	-1.5%	-0.8%	-1.7%	-2.6%	-2.4%	-1.1%
Durum wheat											
Area harvested	0.0%	0.0%	-6.9%	-6.0%	-5.7%	-5.3%	-5.4%	-5.3%	-5.2%	-5.0%	-4.9%
Yield	0.0%	0.0%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.2%	1.2%
Production	0.0%	0.0%	-5.7%	-4.8%	-4.5%	-4.1%	-4.2%	-4.1%	-4.0%	-3.8%	-3.7%
Beginning stocks	0.0%	0.0%	0.0%	-6.9%	-9.0%	-9.6%	-9.5%	-9.7%	-9.7%	-9.6%	-9.5%
Imports	0.0%	0.0%	1.6%	1.8%	1.8%	1.7%	1.7%	1.7%	1.6%	1.6%	1.6%
Total supply	0.0%	0.0%	-3.0%	-2.9%	-2.9%	-2.7%	-2.7%	-2.7%	-2.7%	-2.6%	-2.5%
Domestic use	0.0%	0.0%	-1.9%	-1.4%	-1.4%	-1.3%	-1.3%	-1.3%	-1.3%	-1.2%	-1.1%
Feed	0.0%	0.0%	-4.9%	-3.9%	-3.9%	-3.4%	-3.3%	-3.5%	-3.6%	-3.4%	-3.0%
Other	0.0%	0.0%	-1.6%	-1.2%	-1.1%	-1.0%	-1.1%	-1.1%	-1.1%	-1.0%	-1.0%
Exports	0.0%	0.0%	-3.9%	-3.9%	-3.9%	-3.7%	-3.7%	-3.6%	-3.5%	-3.4%	-3.4%
Ending stocks	0.0%	0.0%	-6.9%	-9.0%	-9.6%	-9.5%	-9.7%	-9.7%	-9.6%	-9.5%	-9.3%
Loss, statistical disc.	0.0%	.	.	.	.	.	.	.	.	.	.
Net exports	0.0%	0.0%	-56.9%	-63.9%	-65.1%	-60.1%	-58.0%	-54.1%	-50.2%	-47.9%	-48.1%
Set-aside rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Intervention price	0.0%	0.0%	-8.2%	-8.2%	-8.2%	-8.2%	-8.2%	-8.2%	-8.2%	-8.2%	-8.2%
Market price	0.0%	0.0%	10.9%	9.0%	8.2%	7.7%	8.3%	8.3%	8.3%	8.1%	8.1%

EU-15 barley and maize: scenario change from baseline

	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13
Barley											
Area harvested	0.0%	0.0%	-1.1%	-1.7%	-1.7%	-1.4%	-1.1%	-0.9%	-0.6%	-0.3%	-0.4%
Yield	0.0%	0.0%	0.2%	0.2%	0.2%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%
Production	0.0%	0.0%	-0.9%	-1.4%	-1.4%	-1.2%	-0.9%	-0.7%	-0.4%	-0.2%	-0.3%
Beginning stocks	0.0%	0.0%	0.0%	-3.3%	-7.3%	-11.7%	-15.2%	-17.5%	-18.6%	-18.9%	-19.1%
Imports	0.0%	0.0%	4.9%	4.2%	4.0%	3.8%	3.1%	2.1%	1.1%	0.2%	-0.2%
Total supply	0.0%	0.0%	-0.4%	-1.4%	-2.2%	-3.0%	-3.6%	-4.2%	-4.4%	-4.5%	-4.7%
Domestic use	0.0%	0.0%	0.7%	0.1%	-0.1%	0.1%	0.1%	-0.1%	-0.1%	0.2%	0.4%
Feed	0.0%	0.0%	0.9%	0.2%	-0.2%	0.1%	0.2%	-0.2%	-0.2%	0.2%	0.5%
Other	0.0%	0.0%	0.2%	0.0%	0.1%	0.0%	-0.1%	0.0%	0.0%	0.1%	0.1%
Exports	0.0%	0.0%	-1.0%	-0.3%	1.4%	1.3%	1.1%	0.8%	0.4%	0.1%	-0.1%
Ending stocks	0.0%	0.0%	-3.3%	-7.3%	-11.7%	-15.2%	-17.5%	-18.6%	-18.9%	-19.1%	-19.9%
Net exports	0.0%	0.0%	-3.9%	-2.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Set-aside rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Intervention price	0.0%	0.0%	-8.2%	-8.2%	-8.2%	-8.2%	-8.2%	-8.2%	-8.2%	-8.2%	-8.2%
Market price	0.0%	0.0%	-1.0%	-0.2%	-0.6%	0.0%	0.3%	0.2%	-0.3%	-0.7%	-0.8%
Maize											
Area harvested	0.0%	0.0%	-0.5%	-0.5%	-0.5%	-0.3%	-0.1%	0.0%	0.1%	0.2%	0.2%
Yield	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Production	0.0%	0.0%	-0.4%	-0.4%	-0.3%	-0.1%	0.0%	0.1%	0.2%	0.3%	0.2%
Beginning stocks	0.0%	0.0%	0.0%	-0.6%	-0.8%	-0.7%	-0.6%	-0.5%	-0.3%	0.0%	0.2%
Imports	0.0%	0.0%	0.0%	-0.1%	-0.2%	0.0%	0.2%	0.3%	0.3%	0.3%	0.3%
Total supply	0.0%	0.0%	-0.3%	-0.3%	-0.3%	-0.2%	0.0%	0.1%	0.2%	0.2%	0.2%
Domestic use	0.0%	0.0%	-0.3%	-0.3%	-0.3%	-0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
Feed	0.0%	0.0%	-0.3%	-0.3%	-0.4%	-0.2%	0.1%	0.1%	0.1%	0.2%	0.2%
Other	0.0%	0.0%	-0.1%	-0.1%	0.0%	-0.1%	-0.1%	0.0%	0.0%	0.1%	0.0%
Exports	0.0%	0.0%	-0.1%	-0.3%	-0.3%	-0.1%	0.2%	0.4%	0.5%	0.5%	0.5%
Ending stocks	0.0%	0.0%	-0.6%	-0.8%	-0.7%	-0.6%	-0.5%	-0.3%	0.0%	0.2%	0.1%
Net exports	0.0%	0.0%	1.6%	2.0%	0.9%	1.0%	1.0%	-1.0%	-3.1%	-4.4%	-3.7%
Set-aside rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Intervention price	0.0%	0.0%	-8.2%	-8.2%	-8.2%	-8.2%	-8.2%	-8.2%	-8.2%	-8.2%	-8.2%
Market price	0.0%	0.0%	0.5%	0.6%	0.2%	0.3%	0.6%	0.2%	-0.3%	-0.4%	-0.2%

EU-15 oilseed sector: scenario change from baseline

	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13
Rapeseed											
Area harvested	0.0%	0.0%	-4.4%	-3.3%	-3.4%	-3.0%	-3.3%	-3.1%	-2.9%	-2.6%	-2.4%
Yield	0.0%	0.0%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%
Production	0.0%	0.0%	-4.1%	-3.1%	-3.2%	-2.8%	-3.1%	-2.9%	-2.8%	-2.5%	-2.3%
Beginning stocks	0.0%	0.0%	0.0%	-1.2%	-0.8%	-0.9%	-0.8%	-0.9%	-0.8%	-0.8%	-0.8%
Imports	0.0%	0.0%	6.7%	5.4%	5.5%	5.1%	5.8%	5.8%	5.6%	5.1%	5.1%
Total supply	0.0%	0.0%	-2.1%	-1.5%	-1.5%	-1.4%	-1.5%	-1.5%	-1.4%	-1.4%	-1.3%
Domestic use	0.0%	0.0%	-0.9%	-0.5%	-0.5%	-0.4%	-0.5%	-0.6%	-0.6%	-0.6%	-0.6%
Crush	0.0%	0.0%	-1.0%	-0.6%	-0.5%	-0.4%	-0.5%	-0.6%	-0.7%	-0.7%	-0.7%
Other	0.0%	0.0%	-0.3%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
Exports	0.0%	0.0%	-6.5%	-5.4%	-5.6%	-5.2%	-5.3%	-4.8%	-4.4%	-3.9%	-3.6%
Ending stocks	0.0%	0.0%	-1.2%	-0.8%	-0.9%	-0.8%	-0.9%	-0.8%	-0.8%	-0.8%	-0.7%
Net exports	0.0%	0.0%	-115.5%	-175.6%	-372.6%	-102.3%	-66.9%	-42.6%	-29.2%	-20.3%	-15.5%
Hamburg price	0.0%	0.0%	3.6%	1.1%	1.5%	1.5%	2.0%	2.0%	2.2%	2.2%	2.3%
Sunflowerseed											
Area harvested	0.0%	0.0%	-5.4%	-5.0%	-4.7%	-4.4%	-4.2%	-4.3%	-4.1%	-3.9%	-3.7%
Yield	0.0%	0.0%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.3%	0.3%
Production	0.0%	0.0%	-5.0%	-4.7%	-4.4%	-4.0%	-3.9%	-3.9%	-3.8%	-3.6%	-3.4%
Beginning stocks	0.0%	0.0%	0.0%	-6.2%	-6.5%	-6.1%	-5.7%	-5.5%	-5.6%	-5.5%	-5.2%
Imports	0.0%	0.0%	3.4%	3.3%	2.9%	2.7%	2.7%	2.8%	2.8%	2.8%	2.7%
Total supply	0.0%	0.0%	-1.9%	-2.1%	-2.1%	-1.9%	-1.8%	-1.8%	-1.8%	-1.7%	-1.6%
Domestic use	0.0%	0.0%	-0.6%	-0.8%	-0.8%	-0.8%	-0.7%	-0.7%	-0.6%	-0.6%	-0.6%
Crush	0.0%	0.0%	-0.6%	-0.8%	-0.9%	-0.8%	-0.7%	-0.7%	-0.7%	-0.7%	-0.6%
Other	0.0%	0.0%	-0.3%	-0.3%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%
Exports	0.0%	0.0%	-7.8%	-8.3%	-7.8%	-7.0%	-6.5%	-6.5%	-6.3%	-5.8%	-5.3%
Ending stocks	0.0%	0.0%	-6.2%	-6.5%	-6.1%	-5.7%	-5.5%	-5.6%	-5.5%	-5.2%	-5.0%
Net exports	0.0%	0.0%	10.3%	10.6%	9.3%	8.6%	8.6%	9.1%	9.4%	9.4%	9.3%
Lower Rhine price	0.0%	0.0%	1.5%	1.5%	1.4%	1.4%	1.5%	1.6%	1.7%	1.8%	1.8%
Soybeans											
Area harvested	0.0%	0.0%	-3.0%	-3.4%	-3.5%	-3.4%	-3.1%	-3.0%	-2.8%	-2.6%	-2.3%
Yield	0.0%	0.0%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Production	0.0%	0.0%	-2.6%	-3.0%	-3.1%	-3.1%	-2.8%	-2.7%	-2.5%	-2.3%	-2.1%
Beginning stocks	0.0%	0.0%	0.0%	-0.4%	-0.5%	-0.5%	-0.6%	-0.6%	-0.7%	-0.7%	-0.7%
Imports	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%
Total supply	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
Domestic use	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	-0.1%
Crush	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	-0.1%
Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
Exports	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Ending stocks	0.0%	0.0%	-0.4%	-0.5%	-0.5%	-0.6%	-0.6%	-0.7%	-0.7%	-0.7%	-0.7%

EU cattle and beef – impact of LTP/WTO scenario

	2004 Baseline	2004 Scenario	% Change	2012 Baseline	2012 Scenario	% Change
	euro per 100 kilogram					
R3 Cattle Price	251.5	241.6	-3.9	244.7	263.8	7.8
	thousand head					
Beef Cows (Ending)	11,855	11,215	-5.4	11,909	10,550	-11.3
	thousand tonnes					
Production	7,393	7,555	2.2	7,152	6,899	-3.5
Imports	465	454	-2.3	508	524	3.2
Domestic Use	7384	7,442	0.8	7,209	7,086	-1.7
Exports	515	606	17.7	451	338	-25.0
Intervention	0	4	-	0	0	-

- The MacSharry reforms shifted support in the beef sector from prices to direct payments to producers, and this trend was continued in the Agenda 2000 reforms. Currently, in order to claim payments, producers must have an animal and therefore the payments can be considered as highly coupled.

- The decoupling of the payments under the LTP would be expected to reduce animal numbers as at least some producers are currently operating at a loss when only market returns are considered. In the scenario the number of suckler cows in the EU is down around 11 percent by 2012.

- In countries that are relatively highly dependent on payments, such as in Ireland and the UK, the reduction in cow numbers would be greater than this. In countries like Italy, however, it is more common for animals to be held that do not qualify for premium and so decoupling will have a lesser effect.

- In the short run the extra cow slaughter pushes up production and reduces prices. Given that suckler cows in the EU only account for a third of the total herd, beef production in 2012 is only down 3.5 percent on baseline levels for that year.

- The reduction in production has the effect of pushing up prices. Consumption falls slightly, but a significant proportion of the adjustment in the market comes from a change in net trade. The increase in prices increases imports, and reduces exports.

- As price rises increase the cost of export subsidies, beef exports are assumed to be cut further under the assumption that the Commission would not want to increase expenditures. The changes in net EU beef trade have the effect of pushing up the world beef price by 1.3 percent.

- The EU WTO proposal changes have little effect. Current tariffs on imports of beef are very high. In the model the reduction in tariffs under the scenario is not sufficient to trigger imports of commodity beef. Imports of high value cuts have occurred recently, which have paid the full tariff, and some have argued that the analysis does not fully capture this issue.

- Given the low level of exports relative to the URAA limits (about 822 thousand tones) the implied expenditure on export subsidies does not approach the value limitations, even with a 45 percent reduction.

- The price increase that results from the scenario is dependant on Commission behaviour. There is scope for the Commission to spend more or less on subsidies under the scenario, and that would influence price. In their analysis of the LTP, the Commission projected a 7 percent increase in beef prices, implying that they would be willing to see the price rise to a moderate extent. Note also that the price in 2012 is still below 2000 levels for the EU, even with the price increase under the scenario.

EU sheep and lamb – impact of LTP/WTO scenario

	2004 Baseline	2004 Scenario	% Change	2012 Baseline	2012 Scenario	% Change
	euro per 100 kilograms					
Representative Price	378.1	339.9	-10	364.8	408.5	12
	thousand head					
Ewes (Ending)	65,776	61,768	-6.1	63,703	60,571	-4.9
	thousand tonnes					
Production	1,110	1,164	4.9	1,083	1,030	-4.9
Imports	258	248	-3.9	274	284	3.7
Domestic Use	1,365	1,409	3.2	1,355	1,312	-3.2
Exports	3	3	0	3	3	0

- The sheep sector, like the beef sector, is in general largely dependent on coupled payments.
- The ewe premium generally takes up a large proportion of producers income, and in order to receive the payment the producer must have a ewe. Decoupling the payment therefore has a significant effect. By the end of the projection period the number of ewes is 5 percent below the baseline.
- Part of the reason for the lower drop in ewe numbers than suckler cow numbers is that the price increase is greater for sheepmeat. Since the EU market is highly protected, imports cannot respond to the higher prices.
- There is sufficient 'water' in the sheepmeat import tariff to prevent large amounts of imports outside of the TRQ, even when this tariff is reduced by 36 percent. As in the beef example, the model is not sufficiently disaggregated to determine whether all cuts of lamb would be subject to a prohibitive tariff, and there may be some high value cuts that are competitive even paying the new full tariff.
- In the cattle example, the Commission reduces the volume of subsidized exports of beef in response to the higher cost of refunds. In the sheep sector there are no subsidized exports, and, therefore, no downward pressure on prices from this source.
- Sheepmeat sector results would be very different if there were more significant cuts in tariffs than those in the EU proposal, or if the TRQs were increased. Lower tariffs and increased TRQs would result in increased imports and lower EU prices for sheepmeat.

EU-15 livestock: scenario change from baseline

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Cattle											
Beginning inventories	0.0%	0.0%	0.0%	-0.9%	-1.9%	-2.8%	-3.5%	-3.8%	-4.1%	-4.3%	-4.5%
Dairy cows	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.7%	1.3%	1.2%	1.2%	1.3%
Suckler cows	0.0%	0.0%	0.0%	-5.4%	-8.4%	-10.2%	-11.0%	-11.5%	-11.7%	-11.7%	-11.5%
Suckler cow quota	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cattle slaughter	0.0%	0.0%	2.3%	0.7%	-0.7%	-2.2%	-2.8%	-2.9%	-3.2%	-3.5%	-3.6%
Slaughter weight	0.0%	0.0%	-0.1%	-0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	0.1%	0.0%
Pigs											
Beginning inventories	0.0%	0.0%	0.0%	-0.2%	-0.2%	0.2%	0.4%	0.4%	0.3%	0.5%	0.5%
Sows	0.0%	0.0%	0.0%	-0.4%	0.0%	0.4%	0.4%	0.3%	0.4%	0.5%	0.5%
Pig slaughter	0.0%	0.0%	-0.1%	-0.2%	-0.1%	0.3%	0.4%	0.4%	0.4%	0.5%	0.5%
Slaughter weight	0.0%	0.0%	-0.1%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sheep											
Beginning inventories	0.0%	0.0%	0.0%	-4.8%	-6.6%	-5.4%	-5.0%	-5.3%	-5.4%	-5.2%	-5.2%
Ewes	0.0%	0.0%	0.0%	-6.1%	-6.2%	-4.6%	-4.7%	-5.1%	-5.0%	-4.9%	-4.9%
Sheep slaughter	0.0%	0.0%	5.2%	-4.2%	-8.0%	-5.6%	-4.7%	-5.4%	-5.5%	-5.2%	-5.2%
Slaughter weight	0.0%	0.0%	-0.3%	0.1%	0.3%	0.3%	0.2%	0.3%	0.3%	0.3%	0.3%

EU-15 meat: scenario change from baseline

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Beef and veal											
Production	0.0%	0.0%	2.2%	0.6%	-0.6%	-2.0%	-2.7%	-2.8%	-3.2%	-3.4%	-3.5%
Non-EU imports	0.0%	0.0%	-2.3%	-0.4%	1.0%	2.2%	2.7%	2.8%	3.0%	3.1%	3.2%
Domestic use	0.0%	0.0%	0.8%	0.4%	-0.2%	-1.0%	-1.3%	-1.4%	-1.5%	-1.7%	-1.7%
Non-EU exports	0.0%	0.0%	17.6%	3.0%	-5.7%	-14.5%	-19.3%	-20.7%	-23.1%	-24.4%	-24.9%
Stock change	0.0%	0.0%	-8.9%	.	.	.	.	.	.	.	.
Intervention/SPS stocks											
Pig meat											
Production	0.0%	0.0%	-0.1%	-0.2%	0.0%	0.3%	0.4%	0.4%	0.4%	0.5%	0.5%
Non-EU imports	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.7%	0.5%	0.2%	0.0%	0.4%
Domestic use	0.0%	0.0%	-0.2%	-0.1%	0.1%	0.3%	0.4%	0.4%	0.5%	0.5%	0.5%
Non-EU exports	0.0%	0.0%	0.2%	-0.3%	-0.3%	0.1%	0.2%	0.2%	0.3%	0.4%	0.4%
Stock change	.	-0.1%	-122.0%	-64.3%	-11.5%	73.1%	157.7%	64.7%	-6.7%	39.1%	0.9%
Poultry meat											
Production	0.0%	0.0%	-0.4%	0.0%	0.3%	0.4%	0.4%	0.5%	0.6%	0.7%	0.6%
Non-EU imports	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Domestic use	0.0%	0.0%	-0.4%	0.0%	0.4%	0.5%	0.5%	0.6%	0.6%	0.7%	0.6%
Non-EU exports	0.0%	0.0%	0.1%	-0.1%	-0.1%	0.0%	0.0%	0.0%	0.1%	0.2%	0.1%
Stock change	0.0%	-0.1%	79.0%	-33.3%	-5.6%	4.8%	-6.2%	0.9%	6.0%	4.5%	-6.6%
Sheep meat											
Production	0.0%	0.0%	4.9%	-4.1%	-7.6%	-5.3%	-4.4%	-5.1%	-5.2%	-4.9%	-4.9%
Non-EU imports	0.0%	0.0%	-3.9%	3.2%	6.3%	4.3%	3.7%	4.1%	4.1%	3.8%	3.7%
Domestic use	0.0%	0.0%	3.2%	-2.7%	-5.0%	-3.4%	-2.9%	-3.3%	-3.4%	-3.2%	-3.2%
Non-EU exports	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Stock change	0.0%	.	.	.	.	.	.	.	.	.	.
Consumption											
Beef and veal	0.0%	0.0%	0.8%	0.4%	-0.2%	-1.0%	-1.3%	-1.4%	-1.5%	-1.7%	-1.7%
Pig meat	0.0%	0.0%	-0.2%	-0.1%	0.1%	0.3%	0.4%	0.4%	0.5%	0.5%	0.5%
Poultry meat	0.0%	0.0%	-0.4%	0.0%	0.4%	0.5%	0.5%	0.6%	0.6%	0.7%	0.6%
Sheep meat	0.0%	0.0%	3.2%	-2.7%	-5.0%	-3.4%	-2.9%	-3.3%	-3.4%	-3.2%	-3.2%
Total	0.0%	0.0%	0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%	0.0%
Premia											
Male bovine premium	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Suckler cow premium	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Prices											
Young cattle R3	0.0%	0.0%	-3.9%	-0.6%	1.9%	4.6%	6.1%	6.4%	7.1%	7.5%	7.8%
Pig meat reference	0.0%	0.0%	-0.9%	0.9%	1.1%	0.3%	0.2%	0.5%	0.5%	0.2%	0.3%
Chicken	0.0%	0.0%	-0.6%	0.6%	0.6%	0.4%	0.6%	0.6%	0.5%	0.4%	0.6%
Sheep meat reference	0.0%	0.0%	-10.1%	8.6%	17.2%	12.2%	10.6%	12.2%	12.6%	12.0%	12.0%
Beef intervention	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

EU dairy – impact of LTP/WTO scenario

	2004 Baseline	2004 Scenario	% Change	2012 Baseline	2012 Scenario	% Change
	euro per 100 kilograms					
Milk Price	29.8	29.3	-1.7	27.1	24.6	-9.2
Cheese Price	491.8	485.7	-1.2	452.8	415.8	-8.2
Butter Price	340.6	328.3	-3.6	281.3	234.1	-16.8
SMP Price	205	201.9	-1.5	190.1	183.8	-3.3
WMP Price	243.8	240.2	-1.5	221.4	196.4	-11.3
	thousand head					
Dairy Cows (Ending)	18,975	18,986	0.1	17,432	17,649	1.2
	kilograms					
Production per Head	6,380	6,370	-0.2	6,920	6,924	0.1
	million tonnes					
Quota	119.18	119.18	0.0	120.62	123.04	2.0
Milk Production	122	121.94	0.0	121.97	123.56	1.3
Cheese Production	7.33	7.36	0.4	7.81	7.91	1.3
Butter Production	1.84	1.82	-1.1	1.79	1.82	1.7
SMP Production	0.97	0.96	-1.0	0.84	0.86	2.4
WMP Production	0.82	0.83	1.2	0.83	0.79	-4.8

▪ Under Agenda 2000 the milk payments are linked to production, and can therefore be treated as a top up on the milk price. Decoupling the payments changes the incentive these payments have on production. Dairy farmers can leave production and still get payments under the LTP.

▪ High cost producers would take this option and cease production, particularly given that the increase in quota would result in a reduction in prices.

▪ Falling milk prices would reduce the value (and price) of quota, which would be transferred to more efficient producers. The fact that the quota system has been in place so long means that it is difficult to estimate the supply response of the sector to such changes. It is assumed that even under these price reductions the quota limit remains the determinant of supply, and so milk production increases in the scenario, although not by the full 2 percent.

▪ The asymmetric intervention price cuts for butter and SMP under the LTP result in different price paths for these commodities under the scenario. In the early part of the projections, for example, the SMP price is higher in the scenario than under the baseline. This is also due to the fact that there is a reduction in butter production in the scenario.

▪ In the scenario there is a shift from butter to the production of cheese.

▪ The increase in milk quota and therefore production reduces prices of dairy products and raw milk, which falls to below 25 euro/100kg.

EU-15 dairy: scenario change from baseline

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Dairy cows	0.0%	0.0%	0.1%	0.1%	0.1%	0.7%	1.3%	1.2%	1.2%	1.3%	1.3%
Production/cow	0.0%	0.0%	-0.1%	-0.2%	-0.1%	0.0%	0.1%	0.2%	0.1%	0.1%	0.1%
Fluid milk											
Cow's milk production	0.0%	0.0%	-0.1%	-0.1%	-0.1%	0.7%	1.5%	1.4%	1.4%	1.3%	1.3%
Milk quota	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Other milk production	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Fluid consumption	0.0%	0.0%	0.3%	0.3%	0.4%	0.9%	1.6%	1.6%	1.7%	1.9%	1.9%
Manufacturing use	0.0%	0.0%	-0.2%	-0.3%	-0.3%	0.6%	1.3%	1.2%	1.2%	1.1%	1.0%
Feed use, net exports	0.0%	0.0%	0.1%	0.3%	0.3%	0.4%	1.1%	1.6%	1.6%	1.7%	1.7%
Cheese											
Production	0.0%	0.0%	0.4%	0.4%	0.3%	0.8%	1.6%	1.4%	1.3%	1.3%	1.3%
Non-EU imports	0.0%	0.0%	-0.1%	-0.1%	-0.2%	-0.5%	-0.9%	-1.0%	-1.2%	-1.4%	-1.3%
Domestic use	0.0%	0.0%	0.3%	0.3%	0.4%	1.0%	2.0%	2.0%	2.2%	2.4%	2.4%
Non-EU exports	0.0%	0.0%	0.5%	0.5%	-2.3%	-4.7%	-6.6%	-9.6%	-12.5%	-16.1%	-17.0%
Ending stocks	0.0%	0.0%	0.5%	0.6%	0.7%	1.5%	2.8%	3.2%	3.4%	3.6%	3.7%
Butter											
Production	0.0%	0.0%	-1.1%	-1.2%	-1.0%	0.4%	0.9%	0.9%	1.3%	1.8%	1.7%
Non-EU imports	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Domestic use	0.0%	0.0%	0.5%	0.7%	1.1%	2.0%	2.8%	2.8%	2.9%	3.1%	3.0%
Non-EU exports	0.0%	0.0%	-4.2%	-8.5%	-11.6%	-9.9%	-9.8%	-12.2%	-11.9%	-10.2%	-10.0%
Ending stocks	0.0%	0.0%	-6.7%	-12.0%	-17.4%	-21.0%	-27.2%	-30.6%	-31.5%	-30.9%	-30.5%
Skim powder											
Production	0.0%	0.0%	-4.0%	-4.3%	-4.0%	-0.4%	-0.8%	-0.6%	0.8%	2.4%	2.2%
Non-EU imports	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Domestic use	0.0%	0.0%	0.1%	-0.3%	-0.9%	-1.0%	-0.2%	0.0%	-0.1%	0.1%	0.3%
Non-EU exports	0.0%	0.0%	-4.5%	-10.0%	-13.5%	-10.2%	-6.0%	-5.6%	-2.1%	4.5%	7.0%
Ending stocks	0.0%	0.0%	-9.9%	-16.6%	-20.5%	-15.6%	-16.3%	-17.1%	-12.5%	-4.3%	0.6%
Whole powder											
Production	0.0%	0.0%	0.6%	0.7%	0.8%	1.6%	2.9%	2.9%	0.7%	-3.7%	-3.8%
Non-EU imports	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Domestic use	0.0%	0.0%	0.4%	0.3%	0.4%	1.1%	2.1%	2.0%	2.4%	3.0%	3.1%
Non-EU exports	0.0%	0.0%	0.7%	0.9%	1.1%	1.9%	3.2%	3.3%	-0.5%	-8.3%	-8.4%
Ending stocks	0.0%	0.0%	0.4%	0.6%	0.7%	1.3%	2.6%	3.1%	3.7%	4.6%	5.1%
Consumption											
Fluid milk	0.0%	0.0%	0.3%	0.3%	0.4%	0.9%	1.6%	1.6%	1.7%	1.9%	1.9%
Cheese	0.0%	0.0%	0.3%	0.3%	0.4%	1.0%	2.0%	2.0%	2.2%	2.4%	2.4%
Butter	0.0%	0.0%	0.5%	0.7%	1.1%	2.0%	2.8%	2.8%	2.9%	3.1%	3.0%
Prices											
Milk, 3.7% fat	0.0%	0.0%	-1.6%	-1.6%	-2.0%	-4.4%	-7.8%	-7.8%	-8.2%	-9.0%	-9.1%
Cheese market	0.0%	0.0%	-1.2%	-1.2%	-1.5%	-3.6%	-6.9%	-6.9%	-7.3%	-8.1%	-8.2%
Butter market	0.0%	0.0%	-3.6%	-4.9%	-7.0%	-11.3%	-15.9%	-15.7%	-16.2%	-16.8%	-16.8%
SMP market	0.0%	0.0%	-1.6%	0.0%	2.0%	1.7%	-2.0%	-1.9%	-1.9%	-2.8%	-3.3%
WMP market	0.0%	0.0%	-1.4%	-1.3%	-1.5%	-4.1%	-7.8%	-7.7%	-8.8%	-11.1%	-11.3%
Butter intervention	0.0%	0.0%	-7.0%	-9.5%	-12.2%	-15.3%	-23.5%	-23.5%	-23.5%	-23.5%	-23.5%
SMP intervention	0.0%	0.0%	-3.5%	-2.1%	-0.6%	1.2%	-2.9%	-2.9%	-2.9%	-2.9%	-2.9%

World prices: scenario change from baseline

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
HRW wheat, U.S. Gulf	0.0%	0.0%	0.4%	0.5%	0.4%	0.6%	1.3%	1.6%	2.0%	1.9%	1.6%
CWAD durum, Canada	0.0%	0.0%	1.2%	1.2%	1.1%	1.3%	1.8%	2.0%	2.2%	2.1%	1.9%
Barley, U.S. Portland	0.0%	0.0%	0.8%	0.5%	0.1%	0.3%	0.5%	0.7%	0.8%	0.9%	0.8%
Maize, U.S. Gulf	0.0%	0.0%	0.1%	0.2%	0.2%	0.3%	0.5%	0.7%	0.9%	1.0%	0.9%
Rapeseed, Hamburg	0.0%	0.0%	3.6%	1.1%	1.5%	1.5%	2.0%	2.0%	2.2%	2.2%	2.3%
Rape meal, Hamburg	0.0%	0.0%	1.3%	0.7%	0.7%	0.9%	1.3%	1.3%	1.5%	1.5%	1.6%
Rape oil, Rotterdam	0.0%	0.0%	1.3%	0.6%	0.7%	0.7%	0.8%	0.8%	0.9%	0.9%	1.0%
Sun seed, Rotterdam	0.0%	0.0%	1.5%	1.5%	1.4%	1.4%	1.5%	1.6%	1.7%	1.8%	1.8%
Sun meal, Rotterdam	0.0%	0.0%	0.9%	0.8%	0.7%	1.1%	1.5%	1.6%	1.7%	1.8%	1.9%
Sun oil, Rotterdam	0.0%	0.0%	0.8%	0.9%	0.9%	0.8%	0.8%	0.9%	1.0%	1.1%	1.1%
Soybeans, Rotterdam	0.0%	0.0%	0.1%	0.2%	0.2%	0.4%	0.7%	0.8%	0.9%	1.0%	1.1%
Soy meal, Rotterdam	0.0%	0.0%	0.1%	0.1%	0.1%	0.5%	0.9%	0.9%	1.0%	1.1%	1.2%
Soy oil, Rotterdam	0.0%	0.0%	0.2%	0.2%	0.3%	0.2%	0.2%	0.3%	0.4%	0.4%	0.4%
FOB Bangkok 100% B Gr	0.0%	0.0%	0.7%	0.7%	0.2%	-1.1%	-3.2%	-5.6%	-2.9%	-1.7%	-0.8%
Steers, Nebraska	0.0%	0.0%	-0.7%	-0.1%	0.4%	0.8%	1.1%	1.2%	1.3%	1.4%	1.3%
Hogs, U.S. 51-52% lean	0.0%	0.0%	-0.4%	0.2%	0.4%	0.6%	0.9%	1.0%	1.1%	1.1%	1.3%
Broilers, U.S. 12-city	0.0%	0.0%	-0.2%	0.1%	0.2%	0.4%	0.5%	0.6%	0.8%	0.9%	0.9%
Cheese, FOB N. Europe	0.0%	0.0%	-0.1%	0.0%	0.6%	0.6%	0.8%	1.6%	2.2%	3.2%	2.7%
Butter, FOB N. Europe	0.0%	0.0%	0.9%	1.6%	1.9%	1.4%	1.7%	2.4%	2.5%	2.6%	2.4%
SMP, FOB N. Europe	0.0%	0.0%	0.5%	1.1%	1.5%	0.7%	0.0%	0.2%	0.5%	1.1%	0.5%
WMP, FOB N. Europe	0.0%	0.0%	0.4%	1.0%	1.3%	0.5%	-0.2%	0.1%	1.0%	2.7%	2.1%