FAPRI-Ireland 2002 EU Baseline Briefing Book

FAPRI-UMC Technical Data Report 01-02

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Foreword

Each year the FAPRI-Ireland Partnership produces a baseline series of projections for the major European agricultural markets. Projections are produced for the EU as a whole as well as Ireland, France, Germany, Italy and the United Kingdom. The Baseline is produced under a specific set of assumptions. These assumptions include:

- World agricultural markets evolve consistent with FAPRI projections from January 2002, as adjusted for estimated impacts of the recently agreed U.S. Food Security and Rural Investment Act of 2002 (the 2002 U.S. Farm Bill).

- Current policies remain in place. With respect the EU this means that the Agenda 2000 reforms are implemented as agreed, with appropriate adjustments to incorporate the 7 Point Plan for the cattle sector, for example.

- Weather follows average patterns, with crop yields based mainly on historical trends.

- Macroeconomic developments match those projected by DRI-WEFA in early 2002.

It is important to remember that the baseline is not a forecast. We know that important policy changes that will impact on EU agriculture are almost certain. These would include the enlargement of the EU and changes brought about through the WTO negotiations. The Baseline does not set out what we think will happen, rather what we think would happen under a specific set of assumptions. Its primary function is to serve as a benchmark against which to evaluate scenarios. We recognize that these assumptions will be violated in the real world, and so it should come as no surprise that actual market outcomes will never precisely match those in the baseline.

Some important features of this year's baseline are:

- The macroeconomic environment has changed significantly from that which was expected just last year. DRI-WEFA is projecting renewed economic growth from 2003 onwards. The growth in the world economy is central to a projected increase in many commodity prices.

- The evolution of the euro is key to the projections. In 2001 the euro defied many economists that predicted a recovery. DRI-WEFA's projections do include a recovery of the euro over the period to $1.02 by 2004. We hold the euro-dollar exchange rate constant at the 2004 level in subsequent years.

- The low level of the euro and a rising world price enable largely unsubsidised wheat exports to continue.

- There is a modest recovery in EU dairy prices from early 2002 levels, but these fail to reach the prices that prevailed in 2001. Dairy prices fall from 2005-2007 as the Agenda 2000 milk quota increases and intervention price reductions are implemented.

- The meat sector in the EU recovers from the twin shock of the latest BSE crisis and the FMD outbreak. Significant increases in prices in the beef sector are not foreseen as a result of the Agenda 2000 changes in policy.

Every effort has been made to incorporate the latest available data. The model uses data from EUROSTAT, the USDA, the European Commission and national sources. The model uses data from these sources for 2001 with the model solving for 2002 forwards.

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 2002 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 "Outlook 2002" publication which can be downloaded from the Teagasc website, or from the FAPRI "2002 World Agricultural Outlook" at www.fapri.org.

FAPRI is in the process of developing a new baseline for U.S. markets that will include a more complete analysis of the new U.S. Farm Bill and will incorporate recent market developments. This revised U.S. baseline should be available by mid-June at www.fapri.missouri.edu.

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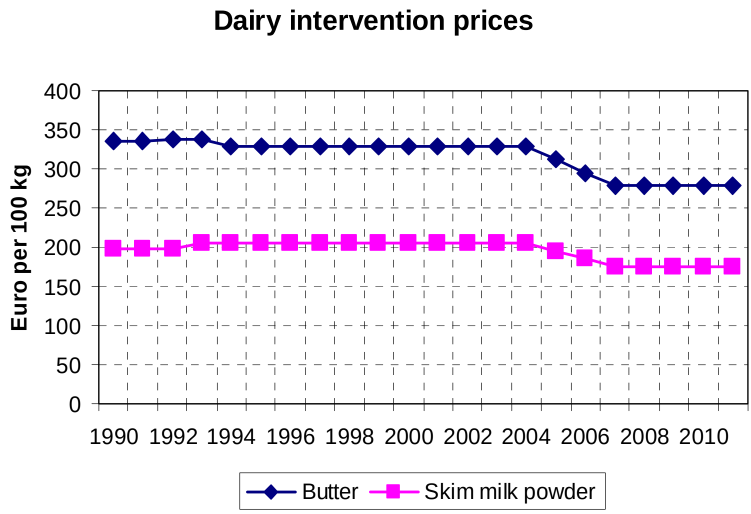
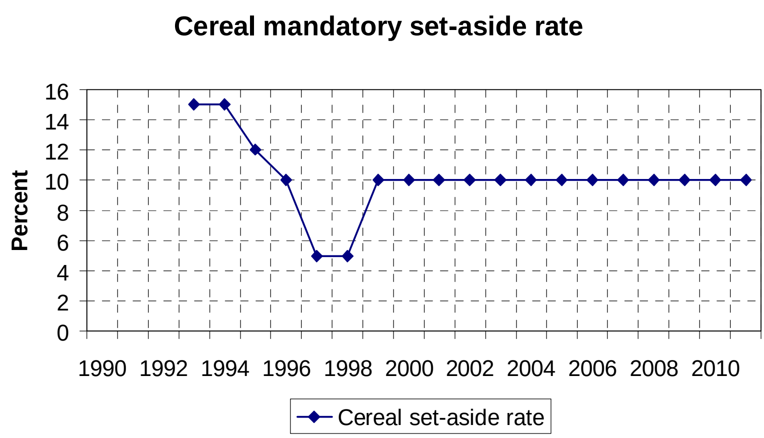
Disaggregated country results for France, Germany, Ireland, Italy and the UK available on request

Policy assumptions

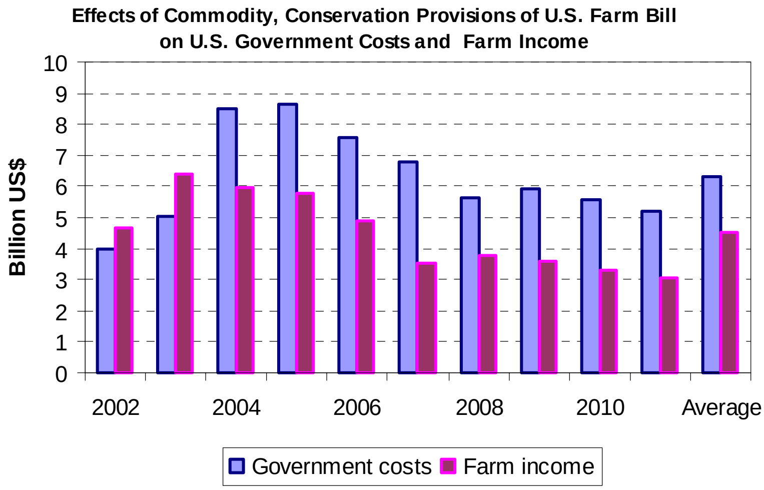
- The baseline incorporates the changes that were made in **Agenda 2000**. Dairy intervention prices are reduced from 2005 onwards.
- Likewise, Agenda 2000 adjustments to intervention prices and **compensatory payments** for other commodities are incorporated.
- EU **enlargement** effects are **not included** in the projections, as the details of the expansion are not yet fully agreed.



- Where the **Commission** has flexibility regarding the implementation of policy past behaviour is a guide.
- In the projection period the set aside rate is maintained at **10 percent**.
- Recent subsidised exports of commodities such as beef and butter have been **below their WTO maximums**. This is assumed to continue in some cases in the future.



- Preliminary impacts of **2002 U.S. Farm Bill** are incorporated.
- Changes include:
  - New counter-cyclical payment program
  - Adjustments in loan rates (support prices)
- Largest impacts on **cereals** where increased U.S. production depresses world prices. Impact on prices average less than 1.5% over period as most of the increased payments are not tied to current production.



Policy assumptions

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
						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	72.4	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	301.3	278.0	243.3	243.3	243.3	243.3	243.3	243.3	243.3	243.3	243.3
Butter intervention price	328.2	328.2	328.2	328.2	311.8	295.4	279.0	279.0	279.0	279.0	279.0
SMP intervention price	205.5	205.5	205.5	205.5	195.2	185.0	174.7	174.7	174.7	174.7	174.7
						euro per head					
Male bovine premium	185.0	210.0	210.0	210.0	210.0	210.0	210.0	210.0	210.0	210.0	210.0
Suckler cow premium	182.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
Ewe premium	13.1	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	119.2	119.7	120.1	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						million 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

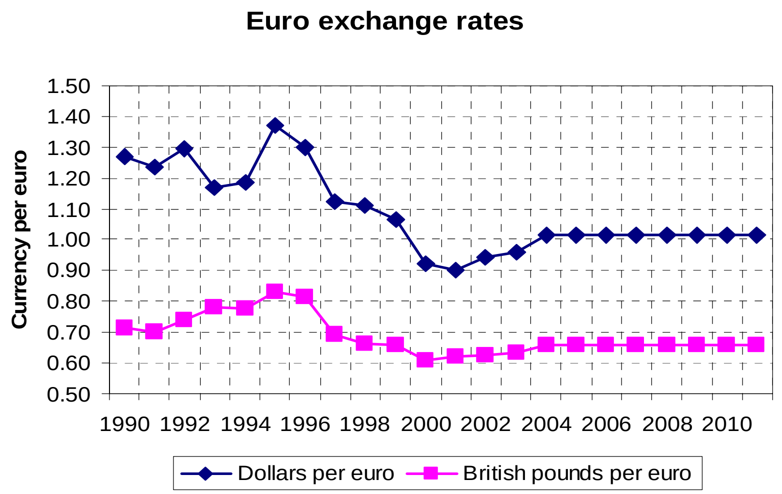
Macroeconomic assumptions

▪Projections of macroeconomic variables generally are provided by **DRI-WEFA.**

▪DRI-WEFA projects that the euro will strengthen to reach **$1.02 in 2004**. We assume that rate continues in subsequent years.

▪The euro also strengthens slightly relative to the **British pound.**

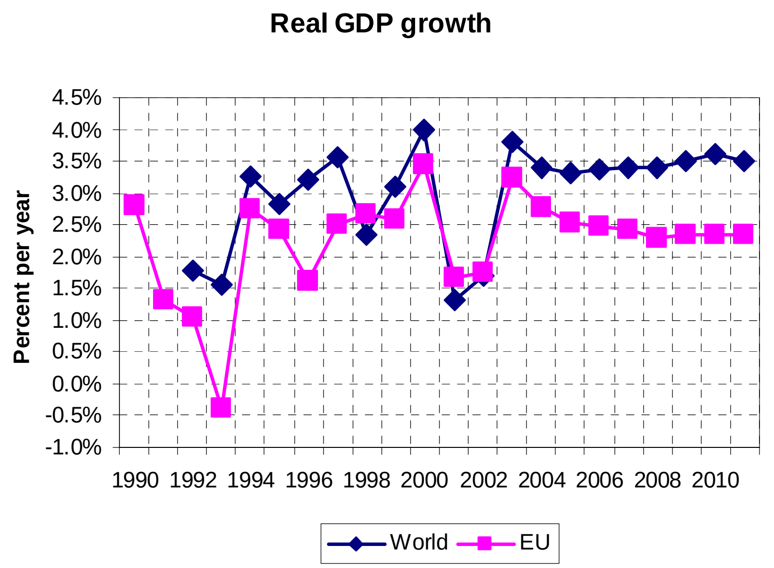
▪The euro forecasts are significantly **weaker** than those previously produced by DRI-WEFA.



▪The events of 2001 have contributed to a significant **slowdown** in the rate of growth in both the EU and the U.S.

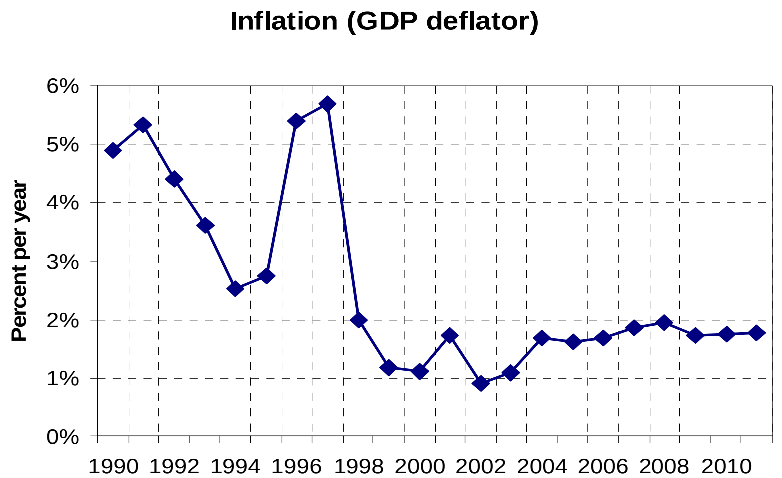
▪DRI-WEFA project a **recovery** in growth in rates in 2003.

▪Relatively strong growth is projected for **central and eastern Europe, Russia, China**, and most of the **developing** world.



▪**EU inflation**, as measured by changes in the GDP deflator, is projected to remain below 2 percent for the duration of the projection period.

▪A significant recovery from the present poor macroeconomic conditions, if coupled with a continuing weak euro, would produce conditions conducive to EU agriculture. A strengthening of the euro, or continuing slow growth would lead to a **significantly different picture** than that presented here.

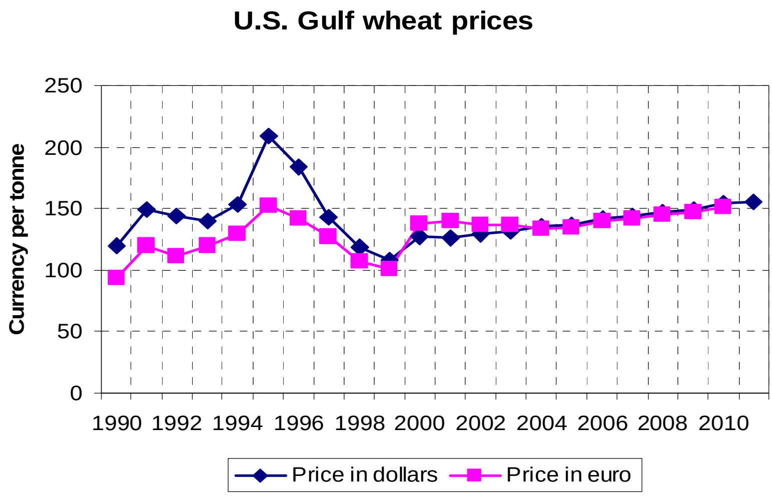


Macroeconomic assumptions

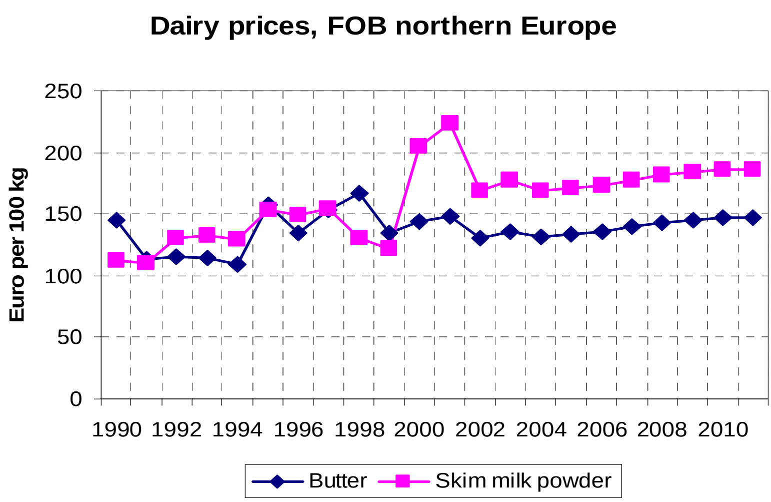
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Real GDP growth						percent					
EU-15	1.7%	1.7%	3.2%	2.8%	2.5%	2.5%	2.4%	2.3%	2.3%	2.3%	2.3%
France	1.9%	1.6%	3.5%	3.3%	2.6%	2.6%	2.3%	2.2%	2.4%	2.4%	2.4%
Germany	0.8%	1.3%	3.2%	2.6%	2.6%	2.3%	2.3%	2.2%	2.3%	2.2%	2.2%
Ireland	7.5%	4.9%	4.6%	4.7%	4.7%	4.1%	4.1%	4.2%	4.2%	4.3%	4.3%
Italy	1.7%	1.4%	3.2%	2.6%	2.2%	2.3%	2.2%	2.2%	2.2%	2.1%	2.0%
United Kingdom	1.9%	2.2%	3.2%	2.7%	2.3%	2.5%	2.6%	2.3%	2.2%	2.4%	2.4%
Other EU	2.0%	2.0%	3.0%	2.7%	2.6%	2.6%	2.6%	2.4%	2.4%	2.5%	2.5%
Inflation (GDP deflator)						percent					
EU-15	1.7%	0.9%	1.1%	1.7%	1.6%	1.7%	1.9%	2.0%	1.7%	1.7%	1.8%
France	1.5%	0.5%	0.4%	1.3%	1.4%	1.2%	1.6%	1.8%	1.5%	1.8%	1.6%
Germany	1.1%	0.8%	1.4%	1.1%	1.1%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Ireland	5.0%	3.0%	2.9%	2.8%	2.8%	2.8%	2.8%	2.7%	2.8%	2.7%	2.7%
Italy	2.8%	1.8%	0.6%	2.1%	1.9%	1.8%	2.2%	2.2%	1.8%	1.8%	2.1%
United Kingdom	1.6%	0.5%	1.9%	2.2%	2.0%	2.4%	2.3%	2.5%	2.2%	2.0%	2.1%
Exchange rate vs. dollar						currency per dollar					
EU-15	1.11	1.06	1.04	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98
France	7.26	6.95	6.84	6.46	6.46	6.46	6.46	6.46	6.46	6.46	6.46
Germany	2.17	2.07	2.04	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Ireland	0.87	0.83	0.82	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78
Italy	2,144	2,052	2,019	1,907	1,907	1,907	1,907	1,907	1,907	1,907	1,907
United Kingdom	0.69	0.66	0.66	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65
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	0.62	0.63	0.63	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66
Other exchange rates											
Dollars per euro	0.90	0.94	0.96	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Dollars per Br. pound	1.45	1.51	1.51	1.54	1.54	1.54	1.54	1.54	1.54	1.54	1.54
Euro per British pound	1.61	1.60	1.58	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
Irish pound/Br. pound	1.27	1.26	1.24	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Population						million					
EU-15	376.79	377.55	378.23	378.85	379.40	379.93	380.46	380.84	381.16	381.44	381.67
France	59.19	59.44	59.68	59.91	60.14	60.36	60.59	60.69	60.78	60.87	60.95
Germany	82.36	82.44	82.42	82.39	82.32	82.26	82.23	82.20	82.15	82.07	81.98
Ireland	3.82	3.85	3.89	3.92	3.96	4.00	4.04	4.08	4.13	4.17	4.21
Italy	57.52	57.59	57.69	57.77	57.84	57.90	57.90	57.88	57.85	57.81	57.76
United Kingdom	59.47	59.59	59.70	59.80	59.91	60.01	60.13	60.26	60.39	60.51	60.64
Other EU	114.43	114.65	114.85	115.05	115.23	115.40	115.57	115.72	115.87	116.01	116.13

World agricultural commodity prices

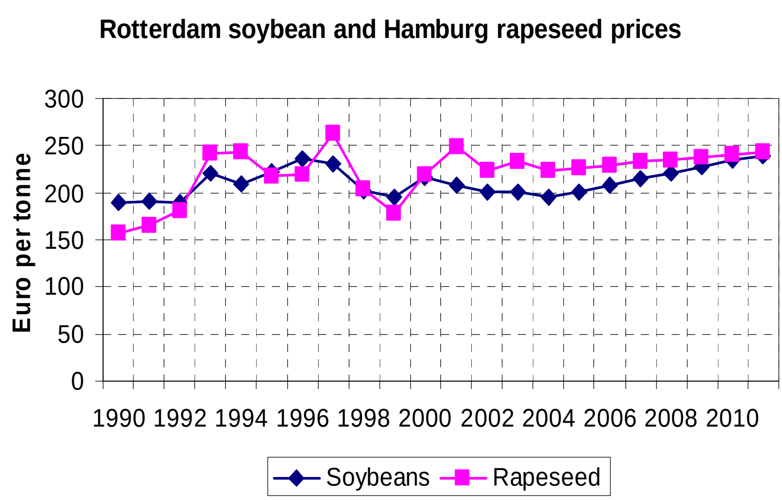
- **U.S. cereal prices** in dollar terms are projected to increase over the projection period, but remain well below the peaks of the mid 1990s.
- EU exports of wheat have benefited from the **weakening of the euro**.
- In euro terms, U.S. cereal prices are **flat** to declining over 2002-2004, as rising dollar prices are more than offset by the assumed strengthening of the euro.



- Last year's strength in world **dairy** markets has evaporated.
- The **strengthening euro** and **strong competition** prevent prices returning to 2001 levels over the projection period.
- Unsubsidised exports of butter are **not** foreseen.



- In euro terms, world **soybean** prices decline until 2004.
- **Rapeseed** prices fall from the high levels attained in 2001, but rapeseed continues to sell at a slight premium to soybeans.
- In the latter periods, **rising incomes** and the subsequent increase in demand for meat and feedstuffs pull up oilseed prices.

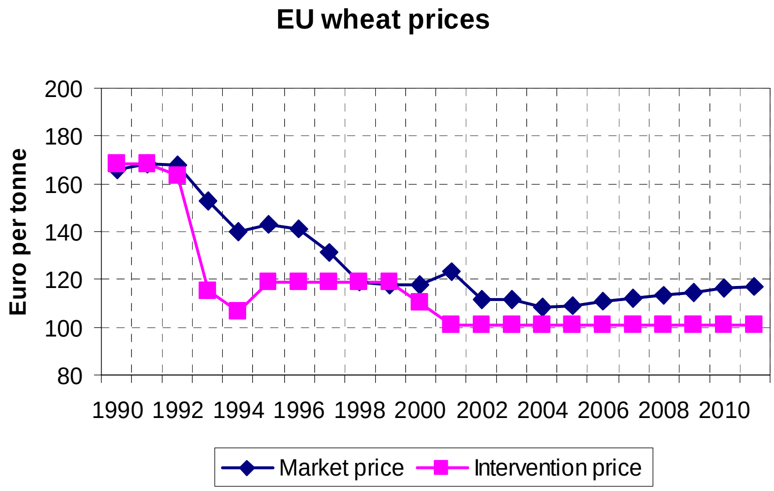


World agricultural commodity prices

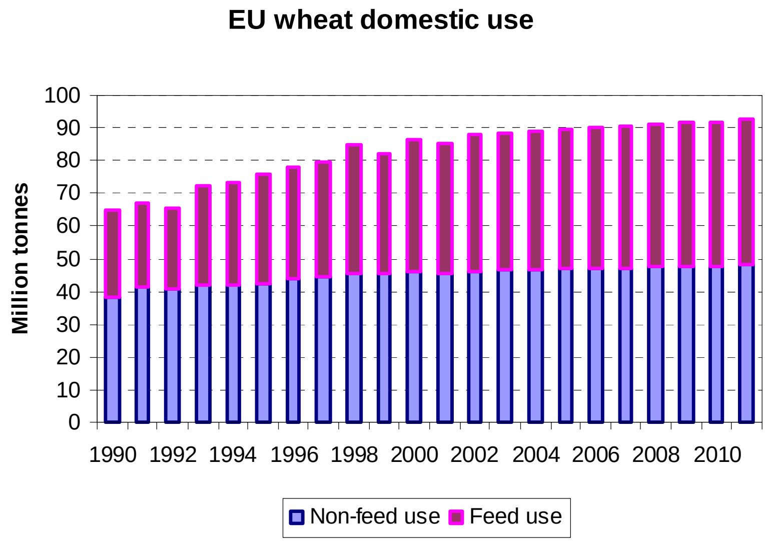
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
World prices in dollars						U.S. dollars per tonne					
HRW wheat, U.S. Gulf	126.45	129.16	130.83	135.52	136.61	141.50	143.87	147.40	149.64	154.04	155.86
CWAD durum, Canada	164.00	163.93	165.43	170.22	171.35	176.20	178.59	182.13	184.35	188.71	190.48
Barley, U.S. Portland	109.40	107.71	110.22	111.65	112.77	114.85	117.49	119.27	121.05	123.33	125.19
Maize, U.S. Gulf	92.32	96.83	98.59	99.90	101.59	103.71	106.02	107.09	109.15	110.67	112.32
Rapeseed, Hamburg	225.00	211.40	223.88	227.29	229.46	232.74	236.66	238.35	241.08	243.61	247.34
Rape meal, Hamburg	138.00	129.47	136.42	136.75	139.20	143.23	147.32	149.51	151.53	153.83	156.41
Rape oil, Hamburg	449.00	443.99	469.17	479.65	487.62	497.15	508.88	517.25	526.73	535.57	546.55
Sun seed, Lower Rhine	275.00	261.35	258.90	261.39	262.13	264.83	267.76	269.89	272.05	274.63	277.73
Sun meal, Rotterdam	117.00	113.67	122.91	127.18	129.58	133.12	136.37	138.88	141.30	144.37	147.45
Sun oil, NW Europe	572.00	554.00	536.83	540.86	543.40	548.17	554.29	559.58	565.18	570.92	577.90
Soybeans, Rotterdam	188.00	189.49	192.28	198.21	203.88	210.72	218.35	224.86	230.66	237.88	243.52
Soy meal, Rotterdam	179.00	177.08	182.34	187.52	192.48	198.76	205.37	210.46	214.68	219.82	223.43
Soy oil, Rotterdam	389.00	401.03	401.24	409.18	417.15	425.60	437.14	449.85	463.48	478.54	494.87
						U.S. dollars per 100 pounds					
Steers, Nebraska	72.42	74.38	76.28	78.35	76.13	73.11	70.04	68.28	67.15	68.31	69.94
Hogs, U.S. 51-52% lean	45.81	44.55	40.31	42.80	44.43	45.63	43.22	41.36	39.76	42.02	45.09
Broilers, U.S. 12-city	59.15	59.15	59.45	59.79	59.87	59.73	59.63	60.22	60.67	61.32	61.86
						U.S. dollars per tonne					
Cheese, FOB N. Europe	2,178	1,993	2,082	2,106	2,119	2,146	2,188	2,227	2,259	2,284	2,300
Butter, FOB N. Europe	1,334	1,231	1,300	1,335	1,356	1,380	1,417	1,455	1,475	1,492	1,492
SMP, FOB N. Europe	2,017	1,592	1,699	1,712	1,738	1,760	1,799	1,848	1,870	1,884	1,893
WMP, FOB N. Europe	1,973	1,601	1,682	1,711	1,729	1,740	1,769	1,818	1,835	1,848	1,855
World prices in euro						euro per tonne					
HRW wheat, U.S. Gulf	140.00	136.88	136.46	133.46	134.53	139.34	141.69	145.16	147.36	151.70	153.49
CWAD durum, Canada	181.56	173.73	172.54	167.63	168.75	173.52	175.88	179.36	181.55	185.84	187.59
Barley, U.S. Portland	121.12	114.15	114.96	109.95	111.05	113.10	115.71	117.46	119.21	121.45	123.29
Maize, U.S. Gulf	102.20	102.61	102.83	98.38	100.04	102.13	104.41	105.47	107.49	108.98	110.61
Rapeseed, Hamburg	249.10	224.03	233.50	223.83	225.97	229.20	233.06	234.73	237.42	239.91	243.58
Rape meal, Hamburg	152.78	137.20	142.28	134.67	137.08	141.05	145.08	147.24	149.23	151.49	154.04
Rape oil, Hamburg	497.09	470.52	489.34	472.35	480.21	489.59	501.15	509.39	518.72	527.43	538.24
Sun seed, Lower Rhine	304.45	276.97	270.02	257.42	258.14	260.81	263.69	265.79	267.92	270.46	273.51
Sun meal, Rotterdam	129.53	120.47	128.19	125.25	127.61	131.10	134.30	136.77	139.15	142.18	145.21
Sun oil, NW Europe	633.26	587.10	559.90	532.64	535.14	539.83	545.86	551.07	556.59	562.24	569.12
Soybeans, Rotterdam	208.13	200.81	200.54	195.20	200.79	207.52	215.03	221.44	227.15	234.26	239.82
Soy meal, Rotterdam	198.17	187.66	190.18	184.67	189.55	195.74	202.25	207.26	211.41	216.48	220.04
Soy oil, Rotterdam	430.66	424.99	418.49	402.96	410.81	419.13	430.50	443.01	456.43	471.27	487.35
						euro per 100 kilograms					
Steers, Nebraska	176.76	173.78	175.38	170.10	165.28	158.73	152.07	148.23	145.79	148.30	151.84
Hogs, U.S. 51-52% lean	111.81	104.09	92.69	92.92	96.45	99.07	93.83	89.80	86.31	91.24	97.90
Broilers, U.S. 12-city	144.37	138.20	136.70	129.80	129.98	129.67	129.45	130.73	131.71	133.14	134.30
Cheese, FOB N. Europe	241.14	211.21	217.15	207.40	208.68	211.34	215.47	219.31	222.47	224.93	226.50
Butter, FOB N. Europe	147.73	130.46	135.59	131.47	133.54	135.90	139.55	143.29	145.26	146.93	146.93
SMP, FOB N. Europe	223.27	168.71	177.20	168.60	171.16	173.32	177.17	181.99	184.16	185.54	186.42
WMP, FOB N. Europe	218.42	169.71	175.48	168.55	170.29	171.36	174.20	179.03	180.75	181.98	182.68

EU wheat

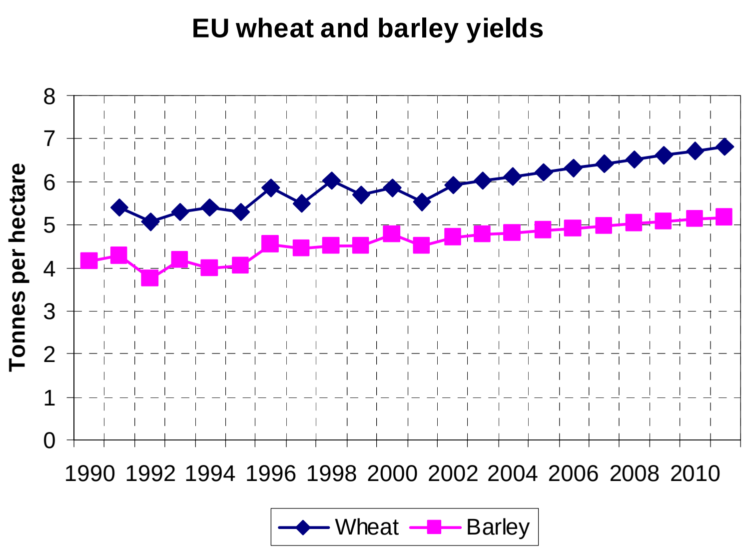
- A combination of the changes made under Agenda 2000, the path of the euro, and world prices ensure that EU **wheat prices exceed intervention prices** over the projection period.
- Once the euro stabilises against the dollar in 2004, EU wheat prices **track the world price** upwards.



- **Slow** growth in wheat non-feed use is projected.
- The main contributer to growth in wheat demand comes from **feed use**, which continues to increase, but at a reduced rate compared to the last ten years.
- **Cattle numbers** are projected to fall 3.5 million between 2001 and 20011. **Pig numbers** rise by 3 million over that period.



- In the model, **yields** are mostly driven by historical trends. Both wheat and barley yields rise over the period, with wheat yields outstripping barley yields.
- **Economic factors** do have a small impact on yield.
- In reality, yields will be **variable** as in the historical period as a result of weather, etc.



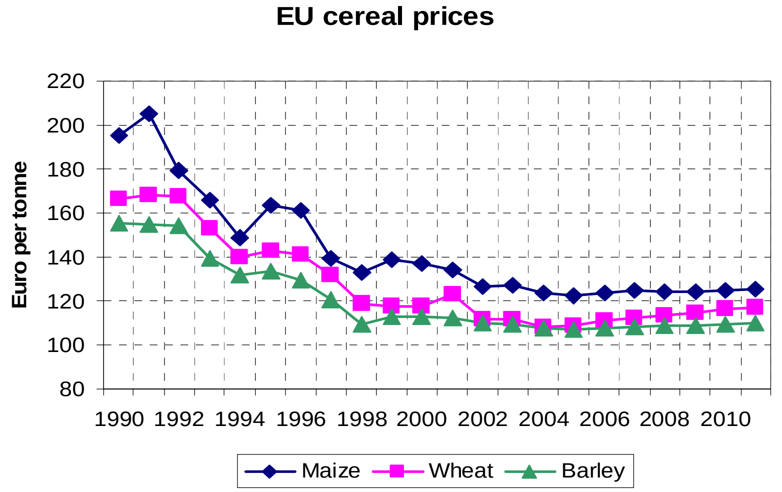
EU-15 wheat supply and utilisation

	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12
Soft wheat											
thousand hectares											
Area harvested	13,073	13,850	13,720	13,671	13,580	13,658	13,773	13,899	14,020	14,129	14,255
tonnes per hectare											
Yield	6.45	6.87	6.99	7.11	7.23	7.34	7.44	7.55	7.66	7.77	7.88
million tonnes											
Production	84.36	95.17	95.92	97.14	98.15	100.23	102.53	104.97	107.41	109.81	112.32
Beginning stocks	14.64	12.08	13.14	13.76	15.32	16.02	15.80	15.51	15.48	15.65	15.88
Imports	23.36	22.76	22.76	22.79	22.62	22.21	21.80	21.27	20.76	20.24	19.82
Total supply	122.36	130.01	131.83	133.68	136.10	138.45	140.13	141.75	143.64	145.69	148.02
Domestic use	76.74	79.03	79.59	80.40	80.76	81.14	81.63	81.91	82.23	82.53	83.09
Feed	38.71	40.47	40.82	41.40	41.63	41.92	42.29	42.48	42.69	42.90	43.33
Other	38.02	38.57	38.76	39.01	39.13	39.22	39.33	39.43	39.54	39.63	39.76
Exports	32.47	36.74	37.38	36.83	38.19	40.36	41.80	43.14	44.52	46.00	47.41
Ending stocks	12.08	13.14	13.76	15.32	16.02	15.80	15.51	15.48	15.65	15.88	16.21
Loss, statistical disc.	1.07	1.10	1.11	1.12	1.13	1.16	1.19	1.22	1.25	1.28	1.32
Net exports	9.11	13.98	14.62	14.04	15.56	18.15	20.00	21.88	23.76	25.76	27.59
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	123.0	111.8	111.7	108.2	108.9	111.0	112.3	113.6	114.6	116.4	117.0
Durum wheat											
thousand hectares											
Area harvested	3,711	3,734	3,715	3,709	3,702	3,708	3,703	3,695	3,689	3,684	3,677
tonnes per hectare											
Yield	2.27	2.50	2.52	2.54	2.57	2.60	2.62	2.65	2.67	2.70	2.73
million tonnes											
Production	8.44	9.32	9.36	9.43	9.51	9.62	9.70	9.78	9.87	9.95	10.03
Beginning stocks	0.83	0.73	0.78	0.80	0.82	0.83	0.83	0.84	0.84	0.85	0.85
Imports	4.68	4.58	4.58	4.59	4.59	4.59	4.60	4.60	4.61	4.62	4.62
Total supply	13.95	14.63	14.72	14.82	14.92	15.04	15.14	15.23	15.32	15.42	15.51
Domestic use	8.41	8.68	8.74	8.81	8.89	8.97	9.04	9.11	9.18	9.26	9.33
Feed	1.03	1.09	1.09	1.09	1.09	1.10	1.10	1.11	1.11	1.11	1.12
Other	7.37	7.59	7.65	7.73	7.80	7.87	7.94	8.01	8.08	8.14	8.21
Exports	4.54	4.89	4.90	4.92	4.93	4.96	4.97	4.99	5.01	5.03	5.04
Ending stocks	0.73	0.78	0.80	0.82	0.83	0.83	0.84	0.84	0.85	0.85	0.86
Loss, statistical disc.	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28
Net exports	-0.14	0.31	0.32	0.33	0.34	0.37	0.37	0.39	0.40	0.41	0.42
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	149.7	152.4	152.1	153.4	154.5	156.3	158.1	159.1	160.7	161.8

EU barley and maize

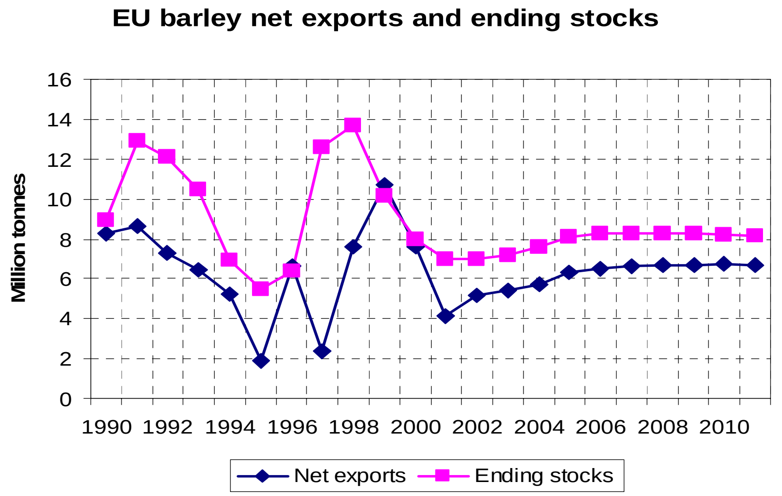
▪**Cereals prices** in the projection period move together. The fact that wheat can be exported without subsidies means that it tracks the world price in latter periods.

▪EU **barley** and **maize prices** fall slightly relative to wheat. EU barley and especially maize remain less competitive internationally than EU wheat.



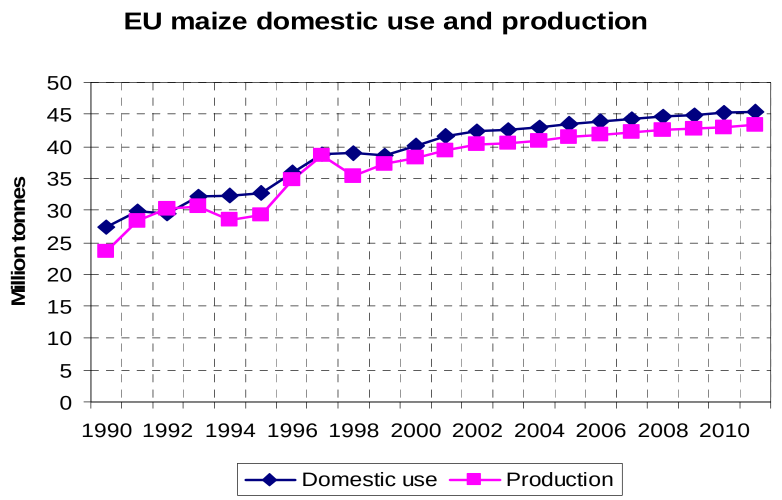
▪The relatively poor outlook for barley results in a slight build up of **stocks** from 2004 onwards.

▪Barley **exports** recover from the low levels of 2001 but remain well below the peaks of 1997 and 1998.



▪EU **maize domestic use** increases as maize prices fall relative to wheat. Production increases with yield advances.

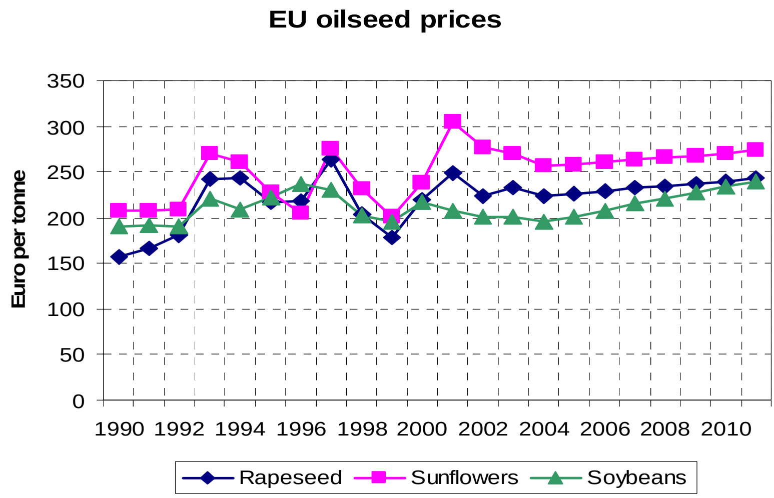
▪The **outlook for maize** is less promising than for the other cereals, as the tariff-rate quota determines imports and unsubsidised exports remain infeasible.



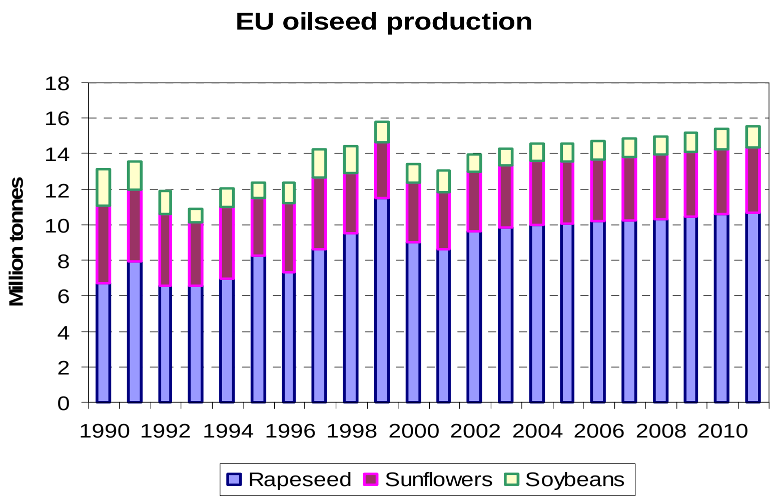
EU-15 barley and maize supply and utilisation

	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12
Barley											
						thousand hectares					
Area harvested	10,654	10,627	10,711	10,722	10,824	10,766	10,698	10,616	10,549	10,488	10,416
						tonnes per hectare					
Yield	4.52	4.72	4.76	4.82	4.86	4.92	4.97	5.02	5.07	5.13	5.17
						million tonnes					
Production	48.12	50.15	51.03	51.64	52.65	52.93	53.16	53.31	53.53	53.77	53.86
Beginning stocks	7.96	7.02	6.98	7.16	7.61	8.10	8.27	8.29	8.28	8.28	8.24
Imports	6.21	5.80	5.93	5.92	5.91	6.06	6.20	6.30	6.39	6.53	6.70
Total supply	62.29	62.98	63.94	64.71	66.18	67.09	67.62	67.91	68.20	68.58	68.79
Domestic use	44.92	45.01	45.43	45.46	45.86	46.23	46.50	46.66	46.81	47.08	47.27
Feed	33.08	33.05	33.42	33.39	33.74	34.10	34.36	34.49	34.63	34.88	35.05
Other	11.84	11.96	12.01	12.07	12.12	12.13	12.15	12.17	12.19	12.21	12.22
Exports	10.35	10.98	11.35	11.65	12.22	12.59	12.83	12.96	13.11	13.26	13.38
Ending stocks	7.02	6.98	7.16	7.61	8.10	8.27	8.29	8.28	8.28	8.24	8.14
Net exports	4.14	5.18	5.42	5.73	6.31	6.53	6.63	6.66	6.72	6.73	6.68
						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	112.2	110.3	109.4	107.6	106.8	107.6	108.3	108.7	108.9	109.4	110.0
Maize for grain											
						thousand hectares					
Area harvested	4,361	4,363	4,318	4,304	4,312	4,296	4,279	4,263	4,242	4,218	4,196
						tonnes per hectare					
Yield	9.03	9.25	9.38	9.50	9.62	9.73	9.85	9.97	10.09	10.21	10.33
						million tonnes					
Production	39.39	40.37	40.48	40.90	41.46	41.80	42.13	42.49	42.78	43.05	43.33
Beginning stocks	4.63	4.71	4.86	4.91	4.98	5.04	5.05	5.04	5.04	5.04	5.02
Imports	11.83	12.00	12.20	12.35	12.45	12.52	12.57	12.61	12.65	12.68	12.72
Total supply	55.84	57.08	57.54	58.17	58.89	59.36	59.75	60.15	60.47	60.77	61.08
Domestic use	41.72	42.40	42.61	43.04	43.54	43.90	44.23	44.58	44.88	45.15	45.44
Feed	32.68	33.26	33.43	33.76	34.20	34.52	34.81	35.12	35.36	35.60	35.85
Other	9.03	9.14	9.18	9.28	9.34	9.38	9.42	9.47	9.51	9.55	9.59
Exports	9.42	9.81	10.02	10.15	10.32	10.42	10.48	10.52	10.56	10.59	10.63
Ending stocks	4.71	4.86	4.91	4.98	5.04	5.05	5.04	5.04	5.04	5.02	5.00
Net exports	-2.41	-2.19	-2.18	-2.21	-2.13	-2.10	-2.09	-2.09	-2.09	-2.09	-2.09
						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	134.2	126.5	127.0	123.6	122.5	123.7	124.5	124.2	124.1	124.8	125.3

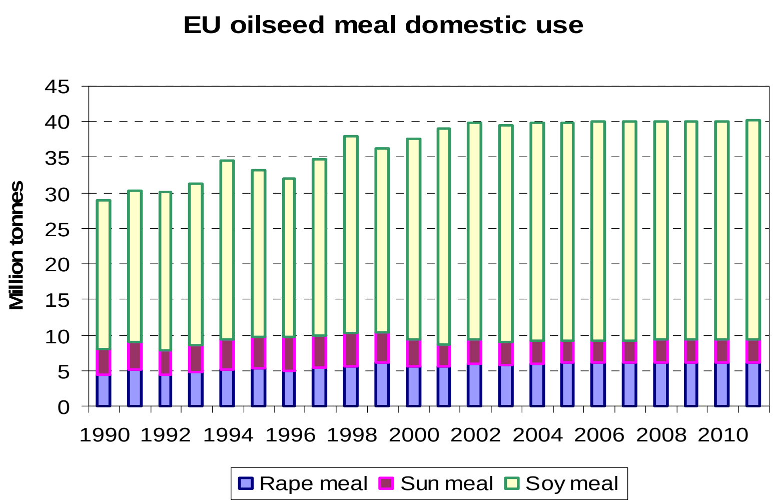
EU oilseeds



- **Prices** of the major oilseeds reach a minimum in 2004. Shortage of rapeseed and sunflower supplies increased the differential between these prices and soybeans in 2001.
- After 2001 supplies adjust, **prices rise**, with soybean prices increasing relative to rapeseed and sunflowerseed. Prices therefore revert to their historical relationship.
- Prices remain **below the 2001 levels** (in euro) for the duration of the projection period.



- The equalisation of crop payments under Agenda 2000 contributed to a fall in **oilseed area** and production in recent years.
- There is projected to be a recovery in the area planted with **rapeseed** in 2002, partially in response to the 2001 relative oilseeds price changes.
- Yield increases mean that both **soybean** and **sunflowerseed** production are above 1999 levels in 2011, but **rapeseed** production is not.



- A reduction in **oilseed meal prices**, and the EU ban on meat and bonemeal have resulted in increased demand for meal.
- Further growth in oilseed meal use is restricted by **livestock** number projections, the rise in prices in latter periods, and the availability of cheap cereals.

EU-15 rapeseed sector supply and utilisation

	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12
Rapeseed											
	thousand hectares										
Area harvested	3,017	3,047	3,078	3,118	3,102	3,115	3,114	3,124	3,131	3,139	3,144
	tonnes per hectare										
Yield	2.86	3.17	3.19	3.21	3.24	3.27	3.29	3.32	3.34	3.37	3.40
	thousand tonnes										
Production	8,625	9,651	9,823	10,022	10,053	10,172	10,252	10,366	10,468	10,575	10,674
Beginning stocks	315	145	220	220	223	223	223	224	224	225	225
Imports	2,901	2,873	2,914	2,814	2,851	2,879	2,946	2,991	3,030	3,058	3,087
Total supply	11,841	12,669	12,957	13,057	13,126	13,274	13,421	13,581	13,723	13,858	13,986
Domestic use	9,208	9,511	9,691	9,690	9,749	9,852	9,983	10,109	10,218	10,318	10,413
Crush	8,688	8,938	9,120	9,116	9,175	9,278	9,408	9,534	9,643	9,743	9,837
Other	520	573	571	574	574	574	574	575	575	576	576
Exports	2,488	2,939	3,045	3,144	3,154	3,199	3,215	3,248	3,280	3,314	3,348
Ending stocks	145	220	220	223	223	223	224	224	225	225	225
Net exports	-413	65	131	330	303	320	269	256	250	256	260
	euro per tonne, marketing year basis										
Hamburg price	249.1	224.0	233.5	223.8	226.0	229.2	233.1	234.7	237.4	239.9	243.6
Rapeseed Meal											
	thousand tonnes										
Production	5,094	5,257	5,364	5,361	5,396	5,456	5,533	5,607	5,671	5,729	5,785
Beginning stocks	108	96	109	110	113	113	113	114	115	116	117
Imports	2,236	2,454	2,344	2,460	2,449	2,425	2,390	2,375	2,360	2,358	2,342
Total supply	7,438	7,808	7,817	7,931	7,959	7,995	8,036	8,096	8,146	8,203	8,244
Domestic use	5,636	5,998	5,884	6,072	6,081	6,084	6,077	6,101	6,117	6,154	6,166
Exports	1,706	1,701	1,823	1,746	1,764	1,797	1,844	1,880	1,912	1,932	1,960
Ending stocks	96	109	110	113	113	113	114	115	116	117	118
Net exports	-530	-753	-520	-714	-685	-628	-545	-495	-448	-425	-382
	euro per tonne, marketing year basis										
Hamburg price	152.8	137.2	142.3	134.7	137.1	141.1	145.1	147.2	149.2	151.5	154.0
Rapeseed Oil											
	thousand tonnes										
Production	3,486	3,596	3,670	3,668	3,692	3,734	3,786	3,837	3,881	3,921	3,959
Beginning stocks	301	261	276	276	280	281	282	283	285	287	289
Imports	1,093	1,161	1,111	1,123	1,120	1,114	1,105	1,101	1,097	1,095	1,094
Total supply	4,880	5,018	5,056	5,068	5,092	5,128	5,173	5,221	5,263	5,303	5,342
Domestic use	3,185	3,292	3,260	3,299	3,319	3,338	3,357	3,383	3,406	3,433	3,457
Exports	1,434	1,450	1,520	1,488	1,493	1,508	1,533	1,553	1,569	1,582	1,595
Ending stocks	261	276	276	280	281	282	283	285	287	289	290
Net exports	341	289	409	365	373	394	427	452	473	487	501
	euro per tonne, marketing year basis										
Hamburg price	497.1	470.5	489.3	472.4	480.2	489.6	501.1	509.4	518.7	527.4	538.2

EU-15 sunflowerseed sector supply and utilisation

	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12
Sunflowerseed											
	thousand hectares										
Area harvested	1,963	1,960	2,029	2,045	1,994	1,971	1,959	1,956	1,955	1,954	1,953
	tonnes per hectare										
Yield	1.64	1.71	1.72	1.74	1.77	1.79	1.81	1.83	1.85	1.87	1.89
	thousand tonnes										
Production	3,219	3,347	3,499	3,568	3,522	3,520	3,540	3,572	3,610	3,648	3,686
Beginning stocks	546	348	417	448	471	468	465	464	467	469	472
Imports	1,414	1,802	1,763	1,739	1,775	1,802	1,818	1,826	1,830	1,833	1,837
Total supply	5,179	5,497	5,680	5,755	5,768	5,790	5,823	5,862	5,907	5,951	5,995
Domestic use	4,330	4,605	4,711	4,739	4,773	4,807	4,843	4,877	4,913	4,949	4,985
Crush	3,909	4,139	4,237	4,256	4,285	4,315	4,345	4,374	4,406	4,436	4,467
Other	421	467	474	483	488	493	498	503	507	512	517
Exports	501	474	521	546	527	518	516	519	524	530	536
Ending stocks	348	417	448	471	468	465	464	467	469	472	474
Net exports	-913	-1,327	-1,242	-1,193	-1,248	-1,284	-1,303	-1,307	-1,305	-1,303	-1,301
	euro per tonne, marketing year basis										
Lower Rhine price	304.5	277.0	270.0	257.4	258.1	260.8	263.7	265.8	267.9	270.5	273.5
Sunflower meal											
	thousand tonnes										
Production	2,024	2,149	2,200	2,208	2,223	2,238	2,253	2,268	2,283	2,299	2,315
Beginning stocks	137	104	120	118	122	123	123	123	124	125	126
Imports	1,648	1,888	1,545	1,577	1,572	1,566	1,571	1,570	1,556	1,541	1,515
Total supply	3,809	4,141	3,865	3,904	3,917	3,927	3,947	3,961	3,964	3,965	3,956
Domestic use	3,155	3,466	3,138	3,179	3,189	3,197	3,217	3,229	3,229	3,227	3,212
Exports	550	555	609	603	605	606	606	607	610	613	617
Ending stocks	104	120	118	122	123	123	123	124	125	126	126
Net exports	-1,098	-1,333	-936	-975	-967	-959	-965	-963	-946	-928	-898
	euro per tonne, marketing year basis										
Rotterdam price	129.5	120.5	128.2	125.2	127.6	131.1	134.3	136.8	139.1	142.2	145.2
Sunflower oil											
	thousand tonnes										
Production	1,623	1,722	1,763	1,771	1,783	1,796	1,808	1,820	1,833	1,846	1,859
Beginning stocks	248	192	196	208	217	219	219	220	220	221	221
Imports	840	868	895	914	918	922	928	933	938	943	949
Total supply	2,711	2,782	2,854	2,893	2,918	2,936	2,955	2,973	2,992	3,010	3,029
Domestic use	1,752	1,824	1,898	1,941	1,963	1,981	2,002	2,021	2,041	2,062	2,083
Exports	767	762	748	735	736	736	734	732	730	727	725
Ending stocks	192	196	208	217	219	219	220	220	221	221	221
Net exports	-73	-106	-147	-180	-181	-186	-194	-202	-208	-216	-224
	euro per tonne, marketing year basis										
Northwest Europe price	633.3	587.1	559.9	532.6	535.1	539.8	545.9	551.1	556.6	562.2	569.1

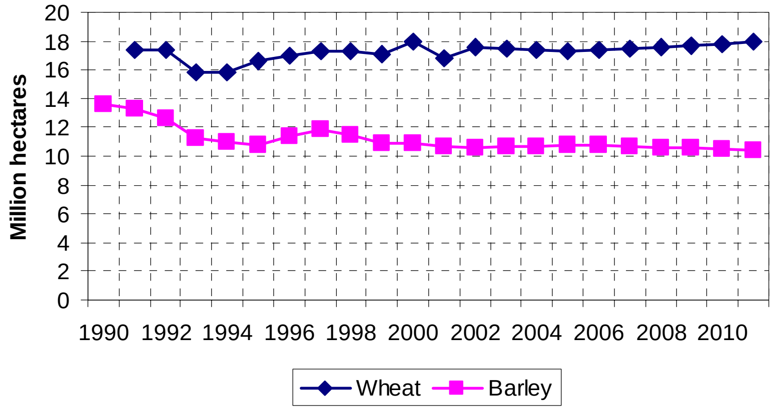
EU-15 soybean sector supply and utilisation

	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12
Soybeans											
					thousand hectares						
Area harvested	388	300	300	297	298	302	306	313	319	326	332
					tonnes per hectare						
Yield	3.21	3.22	3.26	3.31	3.34	3.38	3.42	3.45	3.49	3.52	3.56
					thousand tonnes						
Production	1,244	966	979	981	997	1,020	1,047	1,080	1,114	1,146	1,179
Beginning stocks	791	813	771	761	766	760	749	735	724	714	702
Imports	20,721	21,454	21,827	21,929	21,944	21,937	21,917	21,897	21,886	21,859	21,857
Total supply	22,756	23,234	23,577	23,671	23,707	23,716	23,713	23,712	23,724	23,720	23,738
Domestic use	20,583	21,111	21,464	21,553	21,595	21,615	21,625	21,636	21,657	21,665	21,693
Crush	19,124	19,675	20,027	20,112	20,155	20,177	20,189	20,200	20,223	20,232	20,261
Other	1,459	1,436	1,436	1,441	1,440	1,438	1,437	1,436	1,435	1,433	1,432
Exports	1,360	1,353	1,352	1,352	1,352	1,352	1,352	1,352	1,352	1,352	1,352
Ending stocks	813	771	761	766	760	749	735	724	714	702	693
Net exports	-19,361	-20,102	-20,475	-20,577	-20,591	-20,585	-20,565	-20,544	-20,534	-20,507	-20,505
					euro per tonne, marketing year basis						
Rotterdam price	208.1	200.8	200.5	195.2	200.8	207.5	215.0	221.4	227.2	234.3	239.8
Soybean meal											
					thousand tonnes						
Production	15,239	15,688	15,968	16,035	16,070	16,087	16,097	16,106	16,124	16,132	16,155
Beginning stocks	673	771	809	821	837	833	823	814	808	804	798
Imports	21,430	21,054	20,926	21,004	20,928	20,969	20,953	20,894	20,858	20,873	20,981
Total supply	37,342	37,512	37,703	37,861	37,835	37,889	37,873	37,814	37,790	37,809	37,934
Domestic use	30,213	30,335	30,497	30,652	30,621	30,699	30,696	30,635	30,610	30,641	30,790
Exports	6,358	6,369	6,384	6,371	6,382	6,367	6,363	6,371	6,376	6,370	6,348
Ending stocks	771	809	821	837	833	823	814	808	804	798	796
Net exports	-15,072	-14,685	-14,542	-14,633	-14,546	-14,602	-14,590	-14,523	-14,482	-14,503	-14,633
					euro per tonne, marketing year basis						
Rotterdam price	198.2	187.7	190.2	184.7	189.6	195.7	202.2	207.3	211.4	216.5	220.0
Soybean oil											
					thousand tonnes						
Production	3,445	3,547	3,610	3,626	3,633	3,638	3,640	3,642	3,646	3,647	3,653
Beginning stocks	197	184	196	201	205	205	203	201	199	197	195
Imports	641	599	590	589	587	587	588	587	586	586	584
Total supply	4,283	4,330	4,397	4,416	4,426	4,429	4,431	4,430	4,432	4,430	4,432
Domestic use	2,191	2,120	2,140	2,156	2,160	2,165	2,167	2,163	2,159	2,152	2,146
Exports	1,908	2,014	2,055	2,054	2,062	2,061	2,062	2,067	2,075	2,083	2,093
Ending stocks	184	196	201	205	205	203	201	199	197	195	193
Net exports	1,267	1,415	1,465	1,466	1,475	1,474	1,474	1,480	1,489	1,497	1,509
					euro per tonne, marketing year basis						
Rotterdam price	430.7	425.0	418.5	403.0	410.8	419.1	430.5	443.0	456.4	471.3	487.4

EU cereal and oilseed area

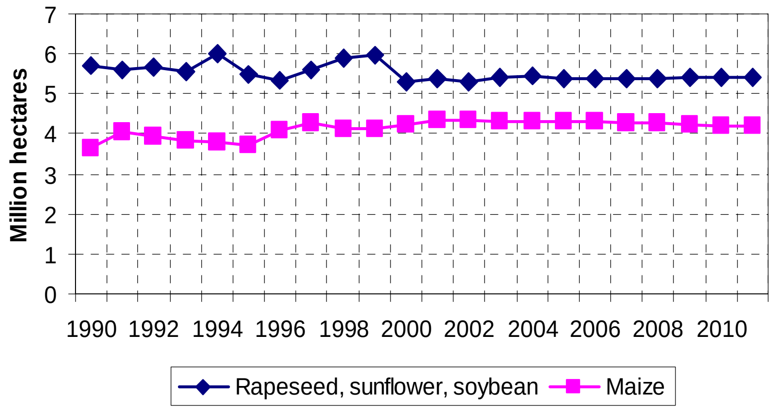
- The weather related problems that caused the **wheat area** harvested to fall in 2001 do not occur in 2002, and area recovers.
- In the projection period the area of wheat sown is largely **static**, with the increase in prices in the latter periods having a slight positive impact on area.
- **Barley area** fluctuates in a narrow band between 2002 and 2011, in part mirroring the fortunes of the wheat sector.

EU wheat and barley area harvested



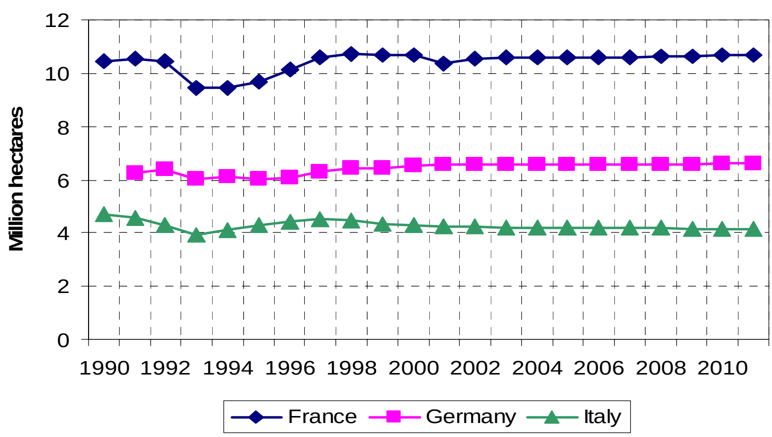
- **Oilseed** area is not expected to recover from the fall that it sustained in 2000.
- **Maize** area declines slightly over the projection period as maize prices fall relative to those of other cereals.

EU oilseed and maize area harvested



- The EU pattern for cereal and oilseed area is reflected in the individual countries.
- Set aside is maintained at the 10 percent level, resulting in static crop areas.

Area harvested for 7 cereals and oilseeds



EU-15 area harvested

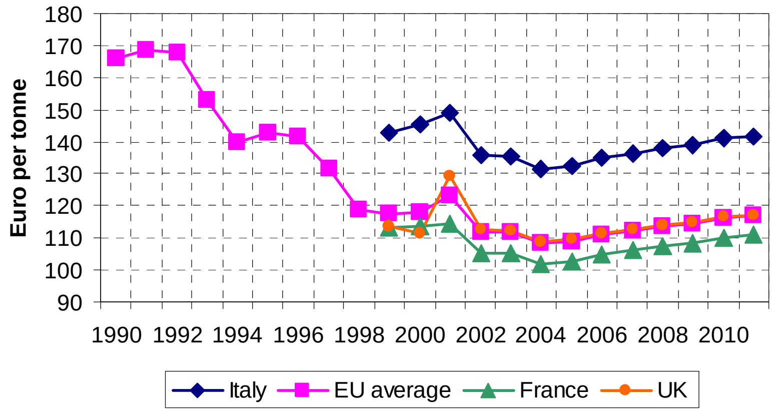
	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12
Soft wheat and durum						thousand hectares					
EU-15	16,784	17,584	17,435	17,380	17,283	17,366	17,476	17,594	17,710	17,813	17,932
France	4,805	5,084	5,042	5,029	5,014	5,039	5,073	5,109	5,147	5,181	5,220
Germany	2,900	2,900	2,865	2,843	2,827	2,839	2,859	2,881	2,902	2,920	2,941
Ireland	84	83	83	83	82	82	82	83	83	83	83
Italy	2,291	2,353	2,347	2,340	2,328	2,332	2,334	2,335	2,338	2,341	2,343
United Kingdom	1,664	1,923	1,909	1,906	1,883	1,888	1,897	1,906	1,915	1,923	1,933
Other EU	5,040	5,241	5,189	5,180	5,148	5,186	5,231	5,279	5,325	5,366	5,412
Barley											
EU-15	10,654	10,627	10,711	10,722	10,824	10,766	10,698	10,616	10,549	10,488	10,416
France	1,700	1,625	1,650	1,654	1,683	1,680	1,676	1,667	1,661	1,656	1,648
Germany	2,100	2,061	2,085	2,098	2,118	2,107	2,093	2,077	2,064	2,053	2,039
Ireland	182	182	182	182	182	181	181	180	180	180	180
Italy	332	340	343	340	342	338	334	330	327	325	321
United Kingdom	1,245	1,165	1,176	1,181	1,205	1,202	1,198	1,192	1,188	1,184	1,178
Other EU	5,095	5,254	5,275	5,267	5,295	5,257	5,215	5,169	5,129	5,091	5,049
Maize for grain											
EU-15	4,361	4,363	4,318	4,304	4,312	4,296	4,279	4,263	4,242	4,218	4,196
France	1,850	1,871	1,864	1,861	1,867	1,860	1,851	1,840	1,828	1,814	1,801
Germany	380	371	366	363	362	360	358	356	354	352	350
Italy	1,098	1,112	1,096	1,093	1,095	1,092	1,089	1,088	1,086	1,082	1,080
Other EU	1,033	1,008	992	987	988	985	981	979	974	969	965
3 oilseeds											
EU-15	5,368	5,307	5,407	5,459	5,394	5,387	5,380	5,393	5,405	5,418	5,428
France	1,980	1,979	2,016	2,039	2,012	2,010	2,007	2,012	2,017	2,021	2,025
Germany	1,181	1,239	1,254	1,267	1,258	1,260	1,260	1,264	1,267	1,271	1,273
Ireland	2	2	2	2	2	2	2	2	2	2	2
Italy	520	424	432	432	425	422	421	422	423	424	425
United Kingdom	440	411	410	415	414	415	414	414	414	415	415
Other EU	1,245	1,252	1,293	1,305	1,283	1,278	1,275	1,278	1,282	1,286	1,288
7-crop total											
EU-15	37,167	37,880	37,871	37,866	37,812	37,816	37,833	37,866	37,906	37,937	37,973
France	10,335	10,559	10,572	10,583	10,576	10,590	10,607	10,629	10,652	10,672	10,695
Germany	6,561	6,571	6,569	6,571	6,564	6,566	6,570	6,579	6,587	6,595	6,603
Ireland	268	267	267	266	266	265	265	265	265	265	265
Italy	4,241	4,229	4,218	4,205	4,190	4,184	4,178	4,175	4,174	4,172	4,169
United Kingdom	3,349	3,498	3,496	3,502	3,502	3,505	3,509	3,513	3,517	3,522	3,526
Other EU	12,413	12,756	12,749	12,739	12,714	12,706	12,703	12,705	12,709	12,711	12,714
EU-15 totals											
Soft wheat	13,073	13,850	13,720	13,671	13,580	13,658	13,773	13,899	14,020	14,129	14,255
Durum wheat	3,711	3,734	3,715	3,709	3,702	3,708	3,703	3,695	3,689	3,684	3,677
Rapeseed	3,017	3,047	3,078	3,118	3,102	3,115	3,114	3,124	3,131	3,139	3,144
Sunflowers	1,963	1,960	2,029	2,045	1,994	1,971	1,959	1,956	1,955	1,954	1,953
Soybeans	388	300	300	297	298	302	306	313	319	326	332

EU cereal prices

▪**Soft wheat** prices are projected to decline until 2004. Stabilisation of the euro versus the dollar, and increasing world prices result in rising prices thereafter.

▪Wheat **prices** in the individual countries follow the same path. Italian wheat prices maintain their historical differential with other EU prices.

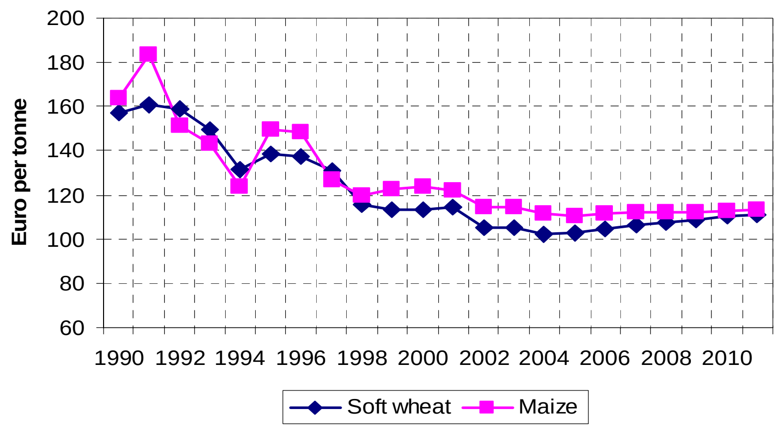
Soft wheat market prices



▪Over the last 10 years, **French maize** prices have exceeded French soft **wheat** prices in six years, including 1998-2001.

▪Over the projection period, maize prices fall relative to wheat, reflecting the relative export **competitiveness** of the two cereals.

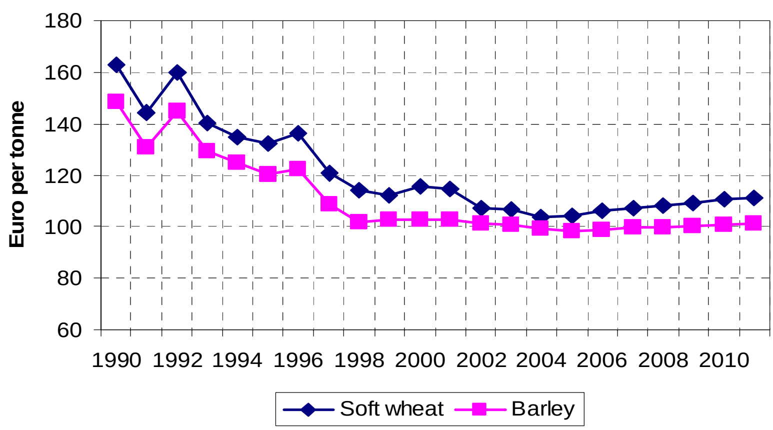
French cereal prices



▪**German soft wheat** prices are projected to follow those of the EU in general.

▪German **barley** prices remain near intervention levels, as barley continues to sell at a discount to wheat.

German cereal prices



EU-15 cereal prices

	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12
Soft wheat						euro per tonne					
EU-15 average	123.0	111.8	111.7	108.2	108.9	111.0	112.3	113.6	114.6	116.4	117.0
France	114.4	105.2	105.2	101.9	102.5	104.7	106.0	107.4	108.4	110.2	110.9
Germany	114.7	107.0	106.9	103.6	104.1	106.0	107.2	108.3	109.1	110.7	111.2
Ireland (feed)	107.9	104.9	104.0	102.4	101.6	102.3	102.9	103.2	103.4	103.4	103.4
Italy	149.1	135.8	135.6	131.6	132.4	135.0	136.5	137.9	138.9	140.9	141.6
United Kingdom	129.4	112.7	112.4	108.7	109.5	111.6	112.9	114.0	115.0	116.7	117.3
(U.S. HRW, Gulf)	140.0	136.9	136.5	133.5	134.5	139.3	141.7	145.2	147.4	151.7	153.5
Durum wheat											
EU-15 average	173.9	149.7	152.4	152.1	153.4	154.5	156.3	158.1	159.1	160.7	161.8
France	153.0	130.9	133.7	133.6	134.9	136.2	138.1	139.9	141.0	142.7	143.9
Italy	171.3	146.8	149.4	149.0	150.2	151.2	153.0	154.7	155.6	157.1	158.2
(CWAD, Canada)	181.6	173.7	172.5	167.6	168.7	173.5	175.9	179.4	181.5	185.8	187.6
Barley											
EU-15 average	112.2	110.3	109.4	107.6	106.8	107.6	108.3	108.7	108.9	109.4	110.0
France	107.2	106.8	105.9	104.1	103.4	104.3	105.0	105.3	105.5	106.0	106.6
Germany	102.5	101.4	100.7	99.0	98.2	98.9	99.5	99.8	100.1	100.6	101.1
Ireland (feed)	104.1	101.1	100.2	98.6	97.8	98.5	99.1	99.4	99.5	99.5	99.5
Italy	139.4	139.0	138.1	136.1	135.3	136.6	137.7	138.3	138.7	139.4	140.3
United Kingdom	111.4	108.0	107.1	105.2	104.4	105.2	105.8	106.2	106.3	106.8	107.3
(U.S., Portland)	121.1	114.1	115.0	110.0	111.1	113.1	115.7	117.5	119.2	121.5	123.3
Maize											
EU-15 average	134.2	126.5	127.0	123.6	122.5	123.7	124.5	124.2	124.1	124.8	125.3
France	121.8	114.5	114.7	111.6	110.5	111.6	112.3	112.1	112.0	112.6	113.1
Germany	118.4	110.5	110.7	107.5	106.5	107.5	108.2	107.9	107.7	108.4	108.8
Italy	144.6	136.6	137.4	133.9	132.6	134.1	134.9	134.6	134.4	135.2	135.8
(U.S., Gulf)	102.2	102.6	102.8	98.4	100.0	102.1	104.4	105.5	107.5	109.0	110.6
Wheat						local currency per tonne					
United Kingdom (£)	80.4	70.5	71.3	71.6	72.1	73.5	74.4	75.1	75.7	76.9	77.3
(U.S. HRW, Gulf (US$)	126.5	129.2	130.8	135.5	136.6	141.5	143.9	147.4	149.6	154.0	155.9
(CWAD, Canada (US$)	164.0	163.9	165.4	170.2	171.4	176.2	178.6	182.1	184.3	188.7	190.5
Barley											
United Kingdom (£)	69.2	67.6	67.9	69.3	68.8	69.3	69.7	69.9	70.0	70.3	70.7
(U.S., Portland (US$))	109.4	107.7	110.2	111.6	112.8	114.8	117.5	119.3	121.0	123.3	125.2
Maize											
(U.S., Gulf (US$))	92.3	96.8	98.6	99.9	101.6	103.7	106.0	107.1	109.1	110.7	112.3

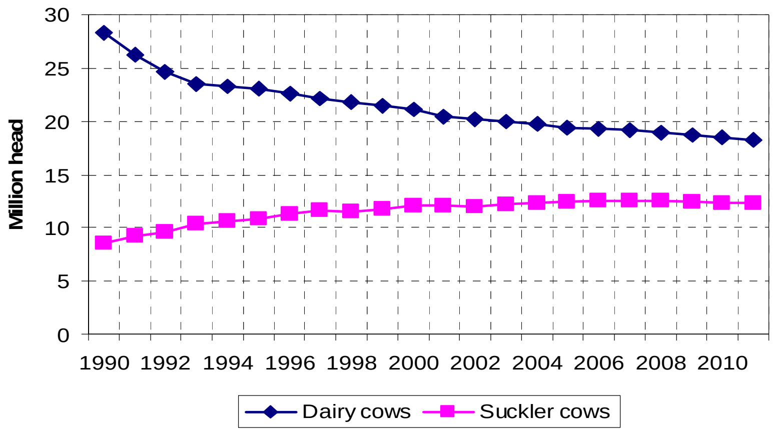
EU livestock

▪The continued existence of the **milk quota**, coupled with an increase in **milk yields**, results in continued reductions in dairy cow numbers.

▪**Suckler cow** numbers fell slightly in 2001, but still remain above the suckler cow quota limits in many countries.

▪ The impact of **policy** on the evolution of the suckler cow herd is an area of great uncertainty. In the projections the recovery in the beef market and drop in dairy cow numbers result in a **small** increase in the suckler herd.

Beginning EU cow inventories

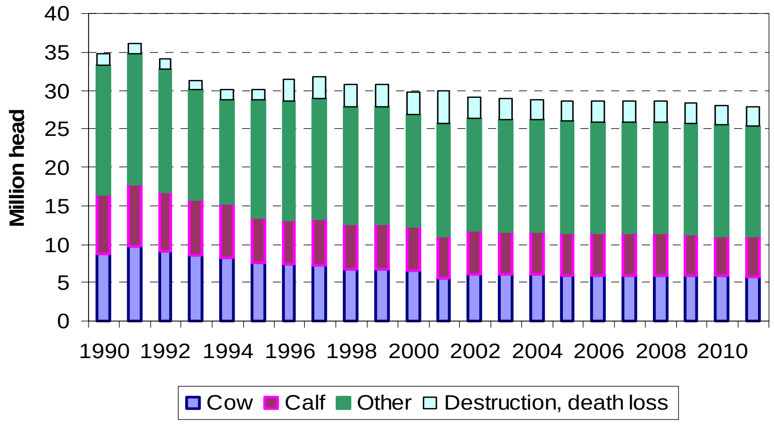


▪Cattle **destruction** returns to pre-2001 levels in 2002 as the post BSE special schemes are largely eliminated.

▪The Over-Thirty-Month Scheme **(OTMS)** in the UK is assumed to continue throughout the period.

▪The drop in the size of the cow herd, coupled with continued limits on calf imports means **cattle supplies** and **slaughter** decrease over the period.

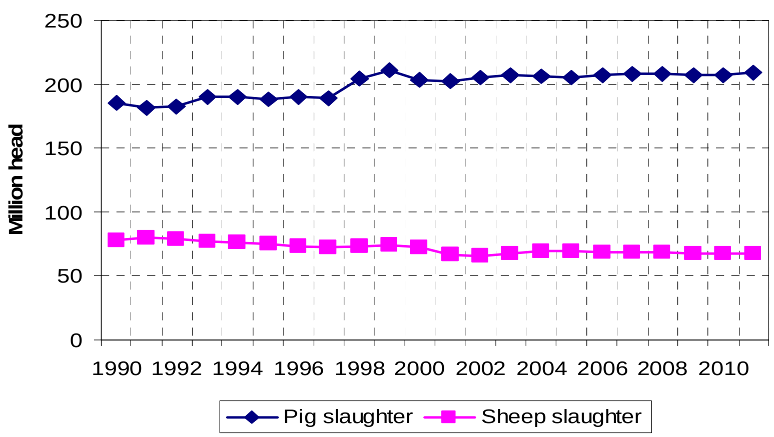
EU cattle slaughter, destruction and death loss



▪**Pig slaughter** is projected to increase in 2002 and 2003. It does not, however, reach the levels of 1999.

▪The size of the **EU sheep flock** has dropped dramatically in the last three years. Current high prices and the change in the ewe premia encourage a modest recovery in ewe numbers. In the long run the downward trend in ewe numbers and hence slaughterings continues.

Pig and sheep slaughter

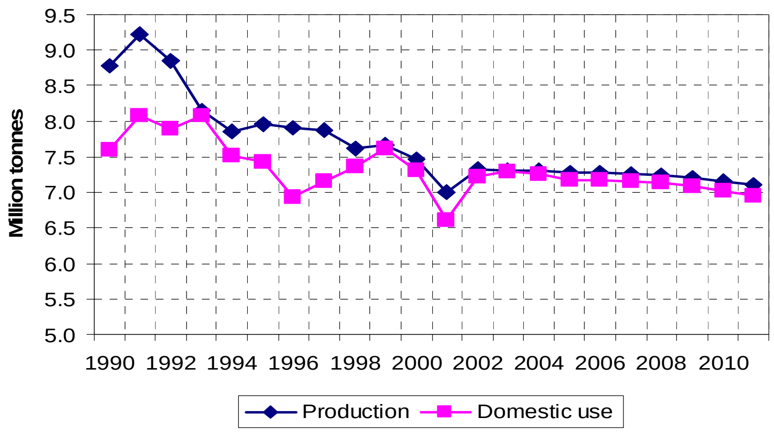


EU-15 livestock supply and utilisation

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Cattle						million head					
Beginning inventories	81.24	80.31	80.07	79.98	79.81	79.69	79.52	79.24	78.79	78.25	77.68
Dairy cows	20.37	20.15	19.94	19.68	19.44	19.28	19.12	18.95	18.72	18.50	18.29
Suckler cows	12.11	11.95	12.16	12.30	12.41	12.53	12.56	12.51	12.43	12.37	12.32
Other cattle	48.76	48.21	47.96	48.01	47.96	47.88	47.85	47.78	47.64	47.38	47.06
Calf crop	28.73	28.61	28.62	28.50	28.39	28.34	28.20	27.99	27.72	27.47	27.25
Non-EU imports	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43
Total supply	110.40	109.34	109.11	108.91	108.62	108.45	108.15	107.66	106.93	106.14	105.35
Cattle slaughter	25.70	26.31	26.20	26.14	25.98	25.96	25.94	25.90	25.73	25.53	25.31
Cow slaughter	5.60	6.01	6.03	5.99	5.91	5.95	5.96	5.96	5.88	5.80	5.73
Calf slaughter	5.50	5.67	5.63	5.59	5.55	5.52	5.49	5.45	5.41	5.36	5.31
Other slaughter	14.60	14.63	14.54	14.56	14.52	14.49	14.49	14.49	14.45	14.37	14.26
Non-EU exports	0.18	0.25	0.30	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33
Destruction, other loss	4.22	2.71	2.63	2.64	2.63	2.64	2.64	2.64	2.63	2.61	2.60
Ending inventories	80.31	80.07	79.98	79.81	79.69	79.52	79.24	78.79	78.25	77.68	77.12
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
						kilograms per head					
Slaughter weight	272.4	278.4	278.8	279.4	280.2	280.0	279.7	279.7	279.9	280.3	280.7
Pigs						million head					
Beginning inventories	121.89	123.15	124.53	124.22	123.23	123.99	124.95	124.90	124.43	124.45	124.95
Sows	11.57	11.68	11.75	11.52	11.51	11.60	11.61	11.51	11.45	11.44	11.47
Other pigs	110.32	111.47	112.78	112.70	111.73	112.39	113.35	113.40	112.98	113.01	113.48
Pig crop	215.02	217.76	217.65	215.76	217.00	218.83	218.94	218.15	218.20	219.11	220.45
Non-EU imports	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Total supply	336.98	340.99	342.25	340.06	340.30	342.89	343.96	343.13	342.70	343.63	345.47
Pig slaughter	202.10	205.73	207.19	206.03	205.48	207.00	208.07	207.72	207.27	207.66	208.69
Non-EU exports	0.02	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Destruction, other loss	11.70	10.70	10.80	10.77	10.81	10.92	10.97	10.95	10.96	11.00	11.07
Ending inventories	123.15	124.53	124.22	123.23	123.99	124.95	124.90	124.43	124.45	124.95	125.68
						kilograms per head					
Slaughter weight	87.1	86.9	86.7	87.0	87.3	87.4	87.4	87.6	87.8	88.0	88.1
Sheep						million head					
Beginning inventories	99.03	94.47	95.68	97.04	97.01	96.69	96.32	95.80	95.34	95.02	94.75
Ewes	67.52	64.34	66.34	66.69	66.38	66.17	65.84	65.45	65.15	64.94	64.73
Other sheep	31.51	30.13	29.34	30.35	30.62	30.51	30.47	30.35	30.19	30.08	30.01
Lamb crop	69.08	70.69	72.62	72.91	72.61	72.38	72.01	71.60	71.29	71.06	70.84
Non-EU imports	1.61	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31
Total supply	169.73	166.47	169.61	171.26	170.92	170.37	169.63	168.70	167.94	167.38	166.89
Sheep slaughter	66.33	65.48	67.25	68.94	68.93	68.75	68.52	68.05	67.61	67.33	67.11
Non-EU exports	0.04	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Destruction, other loss	8.88	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28
Ending inventories	94.47	95.68	97.04	97.01	96.69	96.32	95.80	95.34	95.02	94.75	94.47
						kilograms per head					
Slaughter weight	15.4	15.5	15.4	15.4	15.5	15.5	15.5	15.5	15.5	15.6	15.6

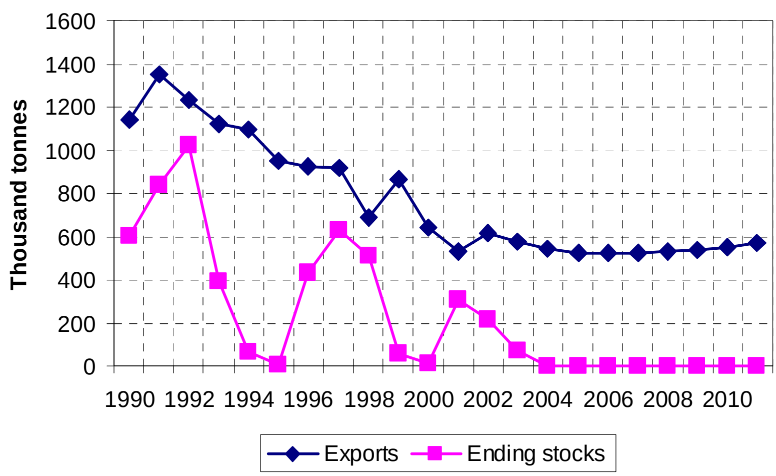
EU meat

EU beef production and domestic use



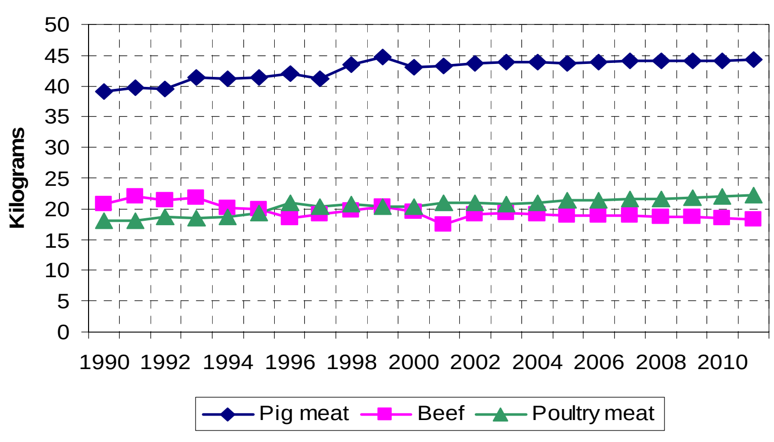
- **BSE** concerns and FMD related disruptions reduced beef consumption dramatically in 2001.
- Current market information implies that there has been significant recovery in **beef consumption** already in 2002. This recovery is assumed to continue in 2003.
- **Consumption** is not projected to recover to 1999 levels, and after 2003 consumption returns to its long-term downward trend.

EU beef exports and ending stocks



- Stronger than anticipated demand allow **beef stocks** to fall in 2002.
- The changes made to policy in the sector under Agenda 2000 prevent any future build up of **intervention stocks**, that are zero from 2004 onwards.
- The baseline assumes the Commission will aggressively dispose of intervention stocks in **third country** markets willing to accept EU beef in 2002 and 2003.

Meat consumption per capita



- The decline in the consumption of beef in 2001 allowed some of the other **meats** to benefit.
- **Pig meat** and **poultry** consumption returns to normal patterns as beef consumption recovers in 2002 and 2003.
- In the longer term beef consumption falls, but a combination of the continuation of **long run trends** and slowly **increasing incomes** results in consumption of pork and poultry rising slowly.

EU-15 meat supply and utilisation

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Beef and veal						thousand tonnes					
Production	7,001	7,325	7,306	7,302	7,279	7,269	7,255	7,243	7,202	7,155	7,105
Non-EU imports	420	422	422	422	424	424	425	425	425	425	425
Domestic use	6,601	7,223	7,288	7,251	7,180	7,169	7,154	7,135	7,092	7,027	6,957
Non-EU exports	530	615	579	547	523	524	526	533	536	553	574
Intervention/SPS stocks	305	214	73	0	0	0	0	0	0	0	0
Pig meat											
Production	17,600	17,882	17,961	17,930	17,946	18,096	18,190	18,190	18,192	18,266	18,396
Non-EU imports	55	57	57	57	57	57	57	57	57	59	61
Domestic use	16,346	16,509	16,636	16,621	16,606	16,662	16,786	16,811	16,822	16,849	16,891
Non-EU exports	1,235	1,405	1,345	1,359	1,405	1,488	1,449	1,432	1,429	1,478	1,566
Ending stocks	811	836	873	881	874	877	889	894	893	890	889
Broiler meat											
Production	6,123	6,114	6,101	6,152	6,224	6,265	6,296	6,344	6,403	6,466	6,532
Non-EU imports	250	275	276	277	278	279	280	281	282	283	284
Domestic use	5,647	5,620	5,592	5,671	5,748	5,793	5,827	5,874	5,933	5,995	6,059
Non-EU exports	726	769	785	759	754	752	749	752	753	754	757
Ending stocks	0	0	0	0	0	0	0	0	0	0	0
Other poultry meat											
Production	2,483	2,488	2,484	2,509	2,544	2,565	2,582	2,606	2,635	2,665	2,696
Non-EU imports	85	87	90	93	96	99	102	105	108	111	114
Domestic use	2,244	2,279	2,282	2,316	2,348	2,366	2,380	2,398	2,422	2,446	2,472
Non-EU exports	324	296	293	287	293	298	304	313	321	330	338
Ending stocks	0	0	0	0	0	0	0	0	0	0	0
Sheep meat											
Production	1,020	1,014	1,036	1,063	1,066	1,065	1,062	1,056	1,051	1,047	1,045
Non-EU imports	267	253	252	252	254	256	258	260	263	265	268
Domestic use	1,287	1,265	1,286	1,313	1,318	1,319	1,318	1,315	1,312	1,311	1,311
Non-EU exports	2	2	2	2	2	2	2	2	2	2	2
Ending stocks	16	16	16	16	16	16	16	16	16	16	16
Consumption						kilograms per capita, cwe					
Beef and veal	17.52	19.13	19.27	19.14	18.92	18.87	18.80	18.73	18.61	18.42	18.23
Pig meat	43.38	43.73	43.98	43.87	43.77	43.86	44.12	44.14	44.13	44.17	44.26
Broiler meat	14.99	14.89	14.78	14.97	15.15	15.25	15.32	15.42	15.56	15.72	15.88
Other poultry meat	5.96	6.04	6.03	6.11	6.19	6.23	6.26	6.30	6.35	6.41	6.48
Sheep meat	3.42	3.35	3.40	3.47	3.47	3.47	3.47	3.45	3.44	3.44	3.43
Total	85.26	87.13	87.47	87.56	87.50	87.67	87.96	88.05	88.10	88.16	88.27
Premia						euro per head					
Male bovine premium	185.0	210.0	210.0	210.0	210.0	210.0	210.0	210.0	210.0	210.0	210.0
Suckler cow premium	182.0	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					
Cattle reference	110.8	116.7	116.9	116.1	118.8	116.2	113.4	111.6	111.6	113.0	114.6
Pig meat reference	166.8	140.5	131.1	132.2	135.6	135.0	132.4	132.9	134.3	135.8	136.8
Chicken	149.7	134.4	131.7	129.3	129.7	129.4	129.1	129.4	129.6	130.1	130.2
Sheep meat reference	412.7	405.7	377.3	355.5	355.7	353.1	350.3	351.8	354.1	355.9	356.8
Beef intervention	301.3	278.0	243.3	243.3	243.3	243.3	243.3	243.3	243.3	243.3	243.3

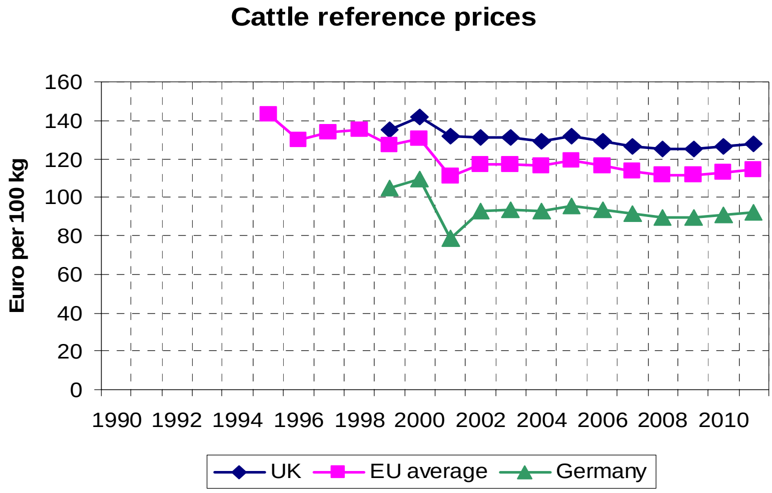
EU livestock and meat prices

▪**EU cattle prices** have recovered significantly in the latter part of 2001 and 2002.

▪Prices are not expected to recover to the levels seen in 2000 as **consumption** remains below the level of that year.

▪Changes made in Agenda 2000 also reduce the chance of further **price** recovery.

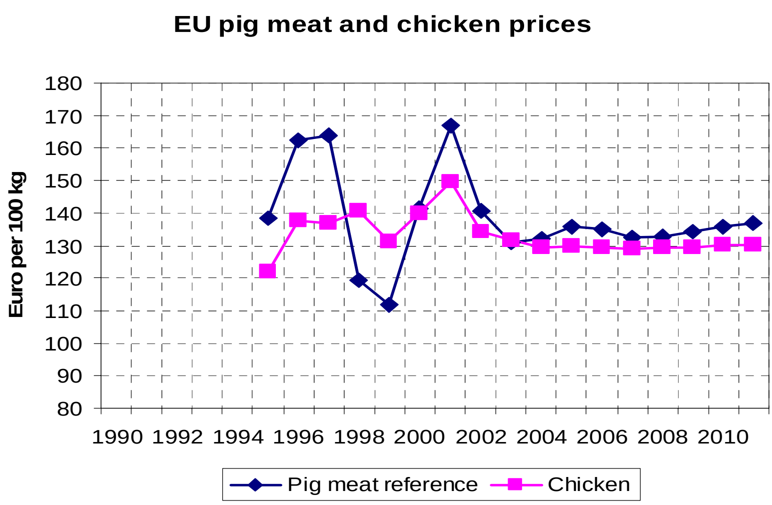
▪In the medium term country **price differentials** are projected to return to historical levels.



▪A combination of increased supplies and a return to pre-BSE consumption patterns sees **pork prices** fall in 2002.

▪Similar factors cause similar, if less dramatic movements in **poultry prices**.

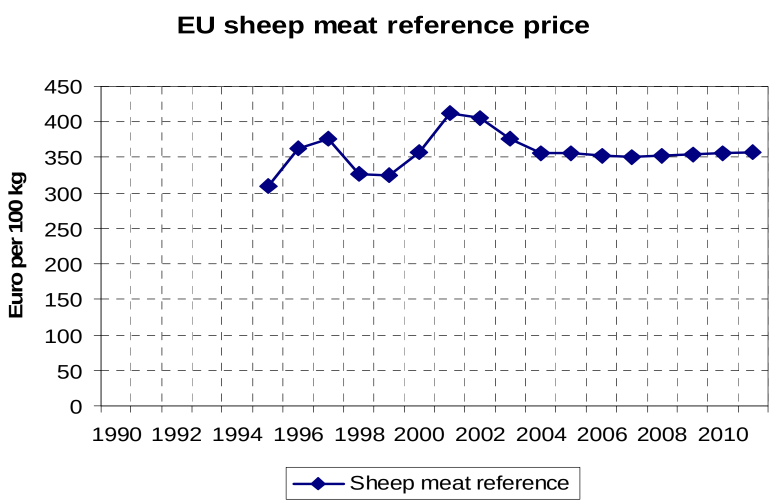
▪Prices for **poultry** and **pork** are largely static in the projection period as increases in consumption are offset by increases in productivity.



▪In contrast to pork and poultry, **sheepmeat prices** have not fallen in the early part of 2002 as supplies remain restricted.

▪In the medium term, increases in **supplies** result in prices falling.

▪With no increase in consumption of lamb projected, **sheep meat prices** stabilise at a level close to the average of 1995-2000 prices.



EU-15 livestock and meat prices

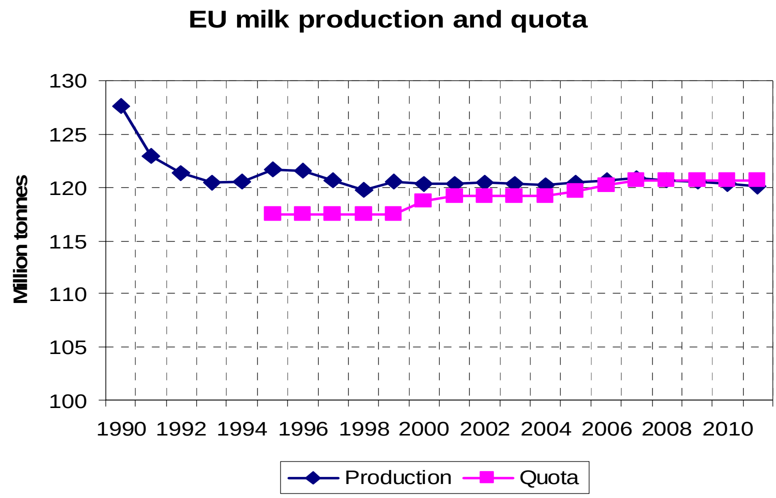
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Cattle reference price					euro per 100 kilograms						
EU-15 average	110.8	116.7	116.9	116.1	118.8	116.2	113.4	111.6	111.6	113.0	114.6
France	127.6	129.1	129.2	128.4	131.4	128.3	124.8	122.7	122.6	124.3	126.2
Germany	78.7	92.9	93.4	93.0	95.7	93.6	91.2	89.7	89.7	90.9	92.2
Ireland	108.6	113.2	114.1	113.5	116.4	113.9	111.2	109.5	109.5	110.9	112.4
Italy	69.5	69.6	69.8	69.2	70.8	69.2	67.4	66.3	66.3	67.1	68.1
United Kingdom	131.6	130.9	130.9	129.3	131.9	129.4	126.5	124.8	124.7	126.2	127.8
(U.S. steers, Nebraska	176.8	173.8	175.4	170.1	165.3	158.7	152.1	148.2	145.8	148.3	151.8
Pig meat ref. price											
EU-15 average	166.8	140.5	131.1	132.2	135.6	135.0	132.4	132.9	134.3	135.8	136.8
France	164.9	138.3	128.7	129.9	133.4	132.8	130.2	130.7	132.1	133.7	134.7
Germany	170.8	142.7	132.8	134.1	137.7	136.9	134.2	134.7	136.2	137.8	138.8
Italy	191.2	159.6	148.2	149.0	152.6	151.9	149.1	149.6	151.1	152.8	154.0
United Kingdom	159.5	144.1	135.2	136.6	140.3	139.6	136.9	137.5	139.0	140.5	141.6
(U.S. live, 51-52% lean	111.8	104.1	92.7	92.9	96.5	99.1	93.8	89.8	86.3	91.2	97.9
Chicken price											
EU-15 average	149.7	134.4	131.7	129.3	129.7	129.4	129.1	129.4	129.6	130.1	130.2
France	166.0	149.1	146.3	143.7	144.2	144.0	143.8	144.1	144.3	145.0	145.2
Germany	156.0	134.4	131.7	129.3	129.5	129.1	128.7	128.8	128.8	129.1	129.1
Italy	161.6	146.8	144.4	142.2	142.5	142.2	141.9	142.0	142.0	142.4	142.5
United Kingdom	192.5	172.1	168.8	165.8	166.4	166.1	165.8	166.2	166.5	167.3	167.6
(U.S. broilers, 12-city)	144.4	138.2	136.7	129.8	130.0	129.7	129.5	130.7	131.7	133.1	134.3
Sheep meat ref. price											
EU-15 average	412.7	405.7	377.3	355.5	355.7	353.1	350.3	351.8	354.1	355.9	356.8
France	543.9	496.5	459.3	431.4	428.7	426.8	423.9	425.7	428.3	430.2	431.0
Germany	430.5	398.8	368.4	346.4	345.0	343.7	341.7	343.3	345.4	347.0	347.7
Ireland	427.2	395.4	365.8	343.0	343.2	340.5	337.6	339.2	341.6	343.5	344.4
Italy	343.3	341.7	309.3	286.0	283.5	281.5	278.8	280.0	281.9	283.3	283.7
United Kingdom	319.3	346.8	324.3	306.3	308.7	305.6	302.7	304.1	306.4	308.2	309.3
Cattle reference price					local currency per 100 kilograms						
United Kingdom (£)	81.8	81.8	83.1	85.2	86.9	85.2	83.3	82.2	82.2	83.1	84.2
(U.S. steers, NE (US$)	159.7	164.0	168.2	172.7	167.8	161.2	154.4	150.5	148.0	150.6	154.2
Pig meat ref. price											
United Kingdom (£)	99.1	90.1	85.8	90.0	92.4	92.0	90.2	90.6	91.5	92.6	93.3
(U.S. live (US$))	101.0	98.2	88.9	94.4	97.9	100.6	95.3	91.2	87.6	92.6	99.4
Chicken price											
United Kingdom (£)	119.6	107.6	107.1	109.2	109.6	109.4	109.2	109.5	109.7	110.2	110.4
(U.S. broilers, (US$))	130.4	130.4	131.1	131.8	132.0	131.7	131.5	132.8	133.7	135.2	136.4
Sheep meat ref. price											
United Kingdom (£)	198.4	216.9	205.8	201.8	203.4	201.3	199.4	200.3	201.8	203.1	203.7

EU dairy

▪USDA data indicated that EU **milk production** fell in 2000 and 2001, in spite of the rising milk quota. Little change in EU milk production is expected over 2002-2004.

▪Additional **quota increases** over 2005-2007 agreed under Agenda 2000 result in an increase in production.

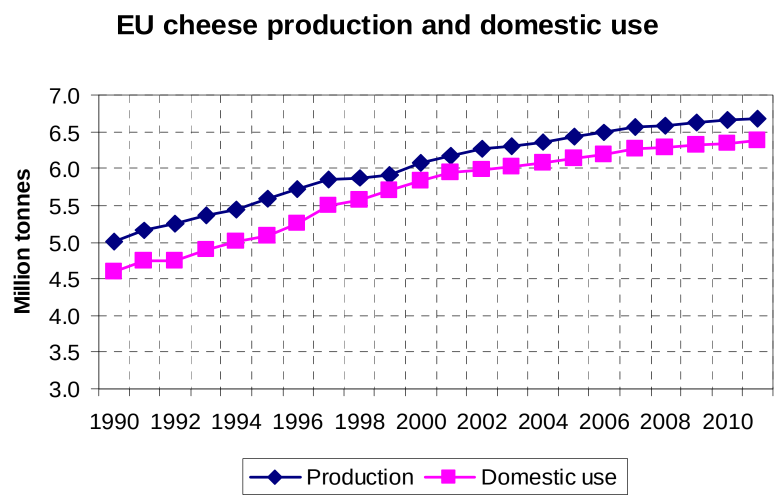
▪The **fat** content of milk is assumed to increase over time, with the result that milk production falls relative to the quota.



▪The prospects for the EU dairy industry are very much reliant on the health of the market for **cheese** in the EU.

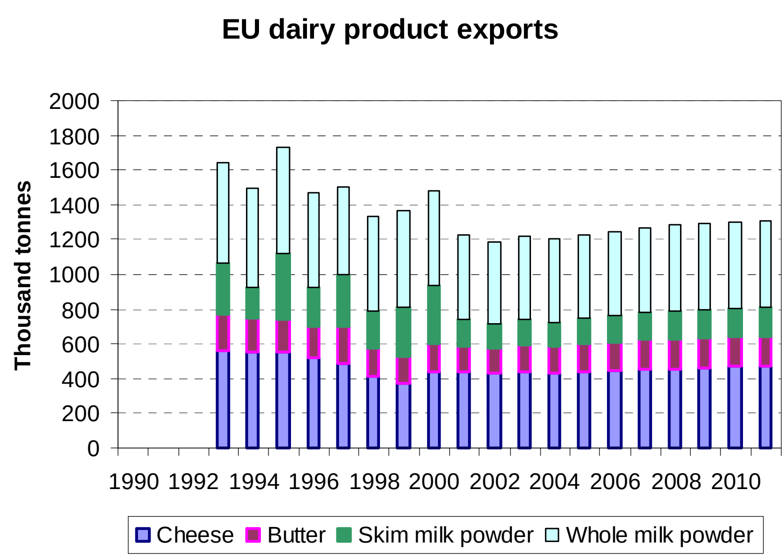
▪**Cheese consumption** is projected to increase steadily over time.

▪**Cheese production** expands with consumption, with exports of cheese increasing only marginally.



▪The recent weakness in the dairy market is likely to result in the **WTO limits** on subsidised exports becoming increasingly important.

▪There is projected to be only a small increase in the exports of dairy products from the EU, with total exports remaining below levels of the 1990s.



EU-15 dairy supply and utilisation

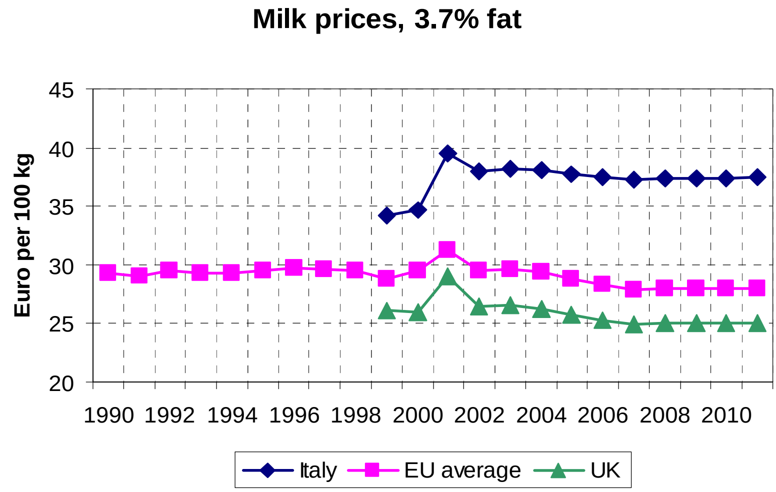
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
						thousand head, end of year					
Dairy cows	20,153	19,944	19,681	19,437	19,282	19,119	18,950	18,718	18,502	18,290	18,094
						kilograms					
Production/cow	5,968	6,039	6,110	6,181	6,248	6,313	6,381	6,448	6,514	6,578	6,639
Fluid milk						million tonnes					
Cow's milk production	120.28	120.45	120.25	120.15	120.47	120.69	120.92	120.69	120.52	120.32	120.13
Milk quota	119.18	119.18	119.18	119.18	119.66	120.14	120.62	120.62	120.62	120.62	120.62
Other milk production	3.68	3.69	3.70	3.71	3.72	3.73	3.74	3.75	3.76	3.77	3.78
Fluid consumption	31.83	31.83	31.69	31.60	31.62	31.63	31.62	31.49	31.37	31.25	31.13
Manufacturing use	88.15	88.36	88.33	88.37	88.71	88.93	89.18	89.13	89.12	89.09	89.06
Feed use, net exports	3.97	3.95	3.93	3.88	3.86	3.86	3.85	3.83	3.79	3.76	3.72
Cheese						thousand tonnes					
Production	6,171	6,277	6,310	6,355	6,432	6,499	6,563	6,589	6,622	6,654	6,687
Non-EU imports	155	154	155	158	159	161	162	164	166	167	169
Domestic use	5,945	5,995	6,026	6,076	6,141	6,202	6,259	6,287	6,318	6,349	6,380
Non-EU exports	441	433	440	432	438	446	455	459	464	468	471
Ending stocks	1,240	1,242	1,241	1,247	1,259	1,271	1,284	1,291	1,296	1,301	1,307
Butter											
Production	1,702	1,696	1,692	1,690	1,685	1,679	1,675	1,673	1,670	1,667	1,663
Non-EU imports	85	83	83	83	83	83	83	83	83	83	83
Domestic use	1,621	1,617	1,611	1,606	1,606	1,605	1,601	1,594	1,587	1,580	1,574
Non-EU exports	147	143	152	154	161	165	169	169	170	171	172
Ending stocks	365	384	396	409	410	401	389	382	377	375	375
Skim powder											
Production	984	940	930	919	902	884	870	864	856	847	838
Non-EU imports	81	83	83	83	83	83	82	82	82	82	82
Domestic use	865	879	864	859	834	811	790	781	771	761	751
Non-EU exports	151	138	147	140	147	153	160	164	167	168	168
Ending stocks	269	276	278	281	284	287	290	291	292	293	294
Whole powder											
Production	1,001	992	993	986	992	996	1,001	1,001	1,000	998	996
Non-EU imports	5	5	5	5	5	5	5	5	5	5	5
Domestic use	523	522	519	518	518	518	517	514	511	508	506
Non-EU exports	492	473	478	473	479	483	489	493	494	495	496
Ending stocks	50	52	52	53	53	53	53	53	53	52	52
Consumption						kilograms per capita					
Fluid milk	84.49	84.30	83.78	83.42	83.35	83.26	83.12	82.69	82.30	81.92	81.57
Cheese	15.78	15.88	15.93	16.04	16.19	16.32	16.45	16.51	16.57	16.64	16.72
Butter	4.30	4.28	4.26	4.24	4.23	4.22	4.21	4.18	4.16	4.14	4.13
Prices						euro per 100 kilograms					
Milk, 3.7% fat	31.3	29.5	29.6	29.4	28.8	28.3	27.9	28.0	28.0	28.0	28.0
Cheese market	480.2	460.2	462.4	458.8	451.4	445.1	440.3	442.0	442.1	442.5	442.5
Butter market	365.4	355.3	354.2	351.5	337.1	323.3	313.0	313.4	312.5	311.3	309.3
SMP market	249.3	223.0	226.1	222.7	220.4	219.3	218.4	220.5	221.4	222.5	223.6
WMP market	290.9	275.2	277.1	274.1	268.4	263.7	260.2	262.0	262.4	262.9	263.0
Butter intervention	328.2	328.2	328.2	328.2	311.8	295.4	279.0	279.0	279.0	279.0	279.0
SMP intervention	205.5	205.5	205.5	205.5	195.2	185.0	174.7	174.7	174.7	174.7	174.7

EU dairy prices

▪**Milk** prices are projected to fall in 2002 as a result of the weak markets.

▪Historical differentials in milk prices are largely maintained in the model.

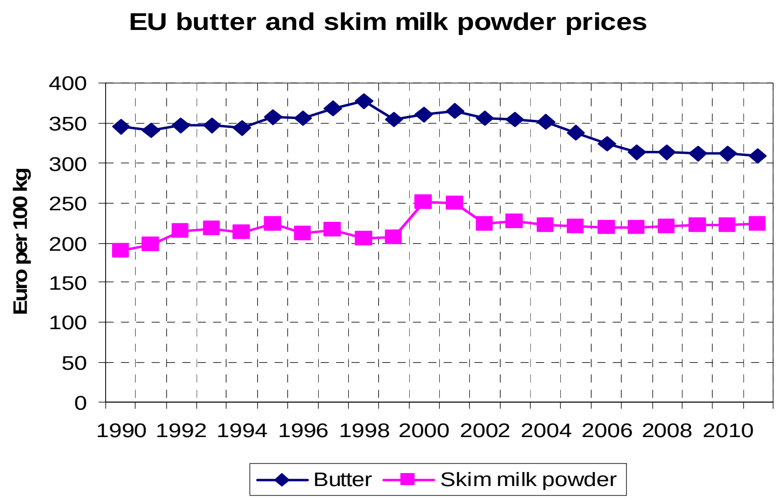
▪Italian prices therefore remain well above the EU level and UK prices are below.



▪The strong prices that prevailed for **skim milk powder** in 2000 and 2001 disappeared in the latter part of 2001 and in early 2002.

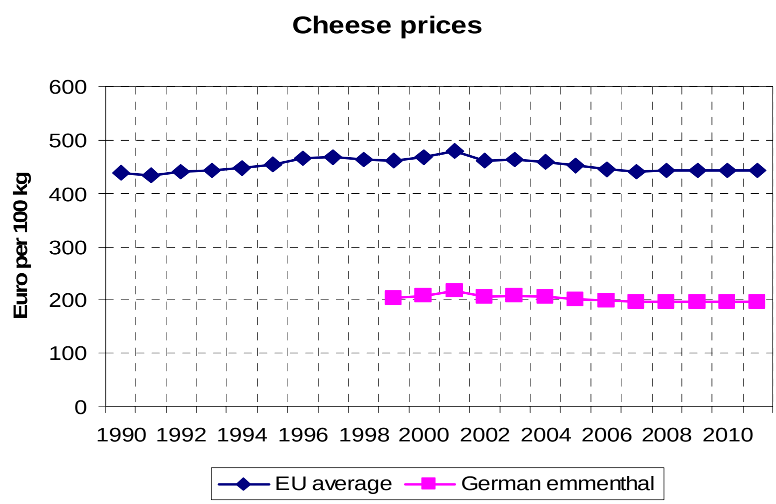
▪The path of SMP prices in the future is dependent on the Commission's willingness to subsidise exports.

▪**Butter prices** are closer to intervention prices than those for SMP and therefore fall further as a result of the changes agreed in Agenda 2000.



▪Growth in the supply of cheese slightly outpaces demand, resulting in a slight drop in **prices** over the projection period.

▪The EU-average price reported here is an average of different types of cheeses in different countries.



EU-15 dairy product prices

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fluid milk, 3.7% fat						euro per 100 kilograms					
EU-15 average	31.33	29.48	29.62	29.40	28.80	28.29	27.90	28.02	28.02	28.04	28.03
France	29.95	28.35	28.49	28.28	27.65	27.10	26.69	26.81	26.82	26.84	26.82
Germany	32.12	29.95	30.10	29.86	29.18	28.58	28.12	28.24	28.24	28.24	28.21
Ireland	29.66	27.20	27.39	27.09	26.47	25.95	25.56	25.73	25.76	25.80	25.81
Italy	39.46	38.01	38.19	38.13	37.76	37.45	37.23	37.34	37.37	37.41	37.44
United Kingdom	28.99	26.46	26.56	26.24	25.70	25.24	24.88	24.99	25.00	25.02	25.01
Cheese											
EU-15 average	480.2	460.2	462.4	458.8	451.4	445.1	440.3	442.0	442.1	442.5	442.5
France	487.2	465.6	468.1	465.4	457.3	450.4	445.2	447.2	447.4	447.9	448.0
Germany	217.8	205.8	207.0	205.5	201.5	198.1	195.5	196.2	196.1	196.1	195.9
Italy	756.5	742.8	747.8	746.6	739.5	733.6	729.5	732.6	733.7	735.0	736.1
United Kingdom	531.0	515.9	516.7	508.8	501.9	496.0	491.4	493.0	493.1	493.4	493.6
(FOB, N. Europe)	241.1	211.2	217.1	207.4	208.7	211.3	215.5	219.3	222.5	224.9	226.5
Butter											
EU-15 average	365.4	355.3	354.2	351.5	337.1	323.3	313.0	313.4	312.5	311.3	309.3
France	449.8	441.2	440.0	436.8	417.9	400.0	386.6	387.3	386.1	384.7	382.1
Germany	341.2	327.5	326.9	324.9	312.2	300.2	291.1	291.5	290.7	289.7	288.0
Italy	362.5	351.6	350.4	347.8	333.3	319.4	308.8	308.9	307.7	306.4	304.4
United Kingdom	305.6	298.7	297.2	294.0	281.5	269.9	261.2	261.7	260.9	259.9	258.2
(FOB, N. Europe)	147.7	130.5	135.6	131.5	133.5	135.9	139.5	143.3	145.3	146.9	146.9
Skim milk powder											
EU-15 average	249.3	223.0	226.1	222.7	220.4	219.3	218.4	220.5	221.4	222.5	223.6
France	237.1	215.2	218.4	215.5	213.5	212.6	212.0	214.2	215.1	216.1	217.3
Germany	238.2	216.1	219.6	216.8	214.6	213.5	212.7	214.9	215.9	217.0	218.1
United Kingdom	301.1	256.1	258.1	253.1	249.8	248.1	246.6	248.6	249.4	250.3	251.4
(FOB, N. Europe)	223.3	168.7	177.2	168.6	171.2	173.3	177.2	182.0	184.2	185.5	186.4
Whole milk powder											
EU-15 average	290.9	275.2	277.1	274.1	268.4	263.7	260.2	262.0	262.4	262.9	263.0
France	274.1	261.2	263.1	260.3	254.8	250.0	246.5	248.3	248.6	248.9	249.0
Germany	276.4	264.3	266.4	263.8	258.2	253.5	250.1	251.8	252.2	252.7	252.8
United Kingdom	342.6	314.9	316.7	312.2	306.0	300.9	297.2	299.4	300.0	300.7	301.1
(FOB, N. Europe)	218.4	169.7	175.5	168.5	170.3	171.4	174.2	179.0	180.7	182.0	182.7
Fluid milk, 3.7% fat						local currency per 100 kilograms					
United Kingdom (£)	18.02	16.55	16.85	17.29	16.93	16.63	16.39	16.47	16.47	16.48	16.48
Cheese											
United Kingdom (£)	330.0	322.7	327.8	335.2	330.7	326.8	323.8	324.8	324.9	325.1	325.2
Butter											
United Kingdom (£)	189.9	186.8	188.6	193.7	185.5	177.8	172.1	172.4	171.9	171.2	170.1
Skim milk powder											
United Kingdom (£)	187.1	160.2	163.8	166.7	164.6	163.5	162.4	163.8	164.3	164.9	165.6
Whole milk powder											
United Kingdom (£)	212.9	196.9	200.9	205.7	201.6	198.3	195.8	197.2	197.6	198.1	198.3