

## THE IMPACT OF THE BERLIN ACCORD AND EUROPEAN ENLARGEMENT ON DAIRY MARKETS

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## **Abstract**

Using a world agricultural model, we analyze the impact on dairy markets of the Berlin Accord on the European Union (EU) Common Agricultural Policy (CAP) Reforms. We also investigate the consequences of enlargement of the EU to include the Czech Republic, Hungary, and Poland for the same markets. We produce a market outlook up to 2010 for these two scenarios. The Berlin Accord induces lower EU milk and dairy prices. A change in relative prices between cheese and butter-skim milk powder (SMP) occurs after 2005 and induces an expansion of cheese production, consumption, and exports at the expense of the butter-SMP sector. Accession of the three Central and Eastern European countries (CEECs) leads to a permanent but moderate decrease in EU prices of milk and dairy products. For the three acceding CEECs, domestic prices increase dramatically. Their final consumption of milk decreases and dairy product consumption drops considerably. The derived demand of milk in dairy production increases, however, because of the higher prices for dairy products, benefiting dairy producers in these CEECs. Dairy exports of the three acceding countries to the EU-15 increase by one to three orders of magnitude, despite building large inventories. The impact of accession on world markets is small.

**Key words:** Berlin Accord, Common Agricultural Policy, dairy markets, European Union enlargement.

# **THE IMPACT OF THE BERLIN ACCORD AND EUROPEAN ENLARGEMENT ON DAIRY MARKETS**

## **1. Introduction**

Using a world agricultural policy analysis model, we analyze the impact of two major forthcoming changes in European policies, which will affect both European and world dairy markets. First, we consider the recent Berlin Accord, which solidifies the proposed reforms of the Common Agricultural Policy (CAP) discussed under Agenda 2000. Second, we investigate the impact of the enlargement of the European custom union to include the Czech Republic, Hungary, and Poland on dairy markets. These three Central and Eastern European countries (CEECs) have sizeable agricultural and dairy sectors.

Our analysis of the implications of the Berlin Accord and EU enlargement for the dairy sector is part of a larger and ongoing project looking at the impacts of enlarging the EU to the whole set of CEECs. Beyond the focal point of the symposium “National and Trade Dairy Policies,” our paper belongs to the literature on the integration of European agriculture (Albiac and Garcia; Anderson and Tyers; Josling et al.; Leetma et al.; and Monke et al., among others).

During the Berlin European Council meeting in March 1999, European Union (EU) heads of state reached an agreement on the political and financial guidelines of the Agenda 2000 reforms of the CAP. The guidelines were officially adopted by the Council two months later in what is known as the Berlin Accord (Council of the European Union). The initial Agenda 2000 reform proposal was drafted in 1997, and, after several revisions, the proposal now constitutes the most comprehensive plan for reform of the CAP since the “MacSharry” reforms in 1991-92. As with the MacSharry reforms, the Agenda 2000 proposal and Berlin Accord are intended to reduce support for commodities through market interventions and increase support to farmers through direct payments, thereby relaxing the constraint on subsidized exports under World Trade Organization (WTO) commitments (Senior Nello and Smith).

Although dairy will not be the sector most affected by the forthcoming CAP reforms, it will face a significant decline in support, especially after 2005. In addition, reforms in the grain and oilseed sectors will also affect dairy through their impacts on dairy feed costs. Feed cost decreases and boosts milk output per cow. Given the EU prominence in world dairy markets, the CAP reforms are likely to affect world dairy markets. We find, however, that the impact of Agenda 2000 on world markets is small.

The limited and delayed dairy reform under the Berlin Accord makes the accession of CEECs to the Union all the more interesting. Price gaps in the dairy sector between the EU-15 and the CEECs constitute a strong incentive for creating trade in dairy products from the CEECs to the EU-15. The EU-15 countries will increase their dairy imports from the acceding members when the pre-enlargement trade barriers disappear (Chevassus-Lozza et al.). Allocative efficiency should be improved. Our results confirm these conjectures.

The possibility of inducing large dairy surpluses in the CEECs by harmonizing prices has also been noted (European Commission 1999a). We address this point in our analysis. The potential expansion of dairy output in the CEECs and the likely diversion of trade towards the EU-15 suggest that the enlargement of the EU could also have consequences for prices in world dairy markets. However, we found limited evidence of trade diversion and small impact on world dairy markets.

In the next section, we briefly present the main features of the international dairy model used to simulate the outcomes of the policy changes. Then, the specifics of the forthcoming dairy reforms are outlined, followed by a summary of the results for the Berlin Accord analysis. Using the Berlin Accord results as a point of reference, we discuss the impacts of enlarging the EU. Detailed results are presented in tables grouped in Appendix A.

## **2. The Simulation Model**

The Food and Agricultural Policy Research Institute (FAPRI) modeling system is a multi-market world agricultural model. The model is extensive in terms of both its geographic and commodity coverage. Functionally, the modeling system is organized into modules according to major commodity groupings (grains, oilseeds, livestock, and dairy) with country sub-models. In

the case of the international dairy module, each country sub-module models supply and utilization of fluid milk, butter, skim milk powder (SMP), and cheese. Whole milk powder (WMP) is included when it plays a major role in a country's dairy complex. The country sub-models include a reduced-form, behavioral specification for milk domestic production, fluid consumption and the derived demands for milk used for feed, fresh dairy product output, and manufactured dairy products.

In the EU sub-model, the milk supply is equal to the quota, plus an over-quota supply response to the EU milk price net of the overproduction penalty. The available supply of milk is allocated to fluid consumption, fresh dairy products, and feed use, and the residual supply is designated as industrial milk consumption. Industrial milk is further allocated to SMP, WMP, and cheese production. Butter production is assumed to be a byproduct of the production of other manufactured and fluid milk products. We assume consumer demand for fresh dairy products is satisfied entirely by domestic production. Manufactured dairy products, however, have an explicit specification for both inventory demand and a demand for net exports.<sup>1</sup> Domestic prices for butter, cheese, SMP, and WMP move to clear the EU market given the prevailing world prices.

Other country sub-models, including the CEECs, are structured similar to the EU sub-model; however, domestic prices are not solved in these other countries. Rather, the world price is transmitted into the domestic market via a price transmission equation that includes trade distortions. Given world prices, the net export position of these countries is defined as the excess supply on the domestic market for each commodity. The excess demands and supplies of countries for each dairy product clear on the world market to determine the world price of that dairy commodity.

In addition to standard trade flows, we explicitly model trade flows between the EU-15 and Hungary, Poland, and the Czech Republic. We assume that the acceding CEECs face two export demands for their products: one from the EU-15 and the other potential member countries (i.e., the EU-18) and another from non-EU countries (e.g., Russia). As long as the CEECs are not part of the European Union, trade flows to both the EU-15 and non-EU countries enter the global market clearing condition. Trade between the CEECs and the EU-15 is specified as a constant

proportion of total trade based on historical trade flows. Once the three CEECs join the European Union, we specify explicit export demand equations for exports to non-EU countries and calculate intra-EU-18 trade as the residual excess supply in the three new member countries. This excess supply is included in the EU-18 market clearing condition and no longer enters the global market clearing identity.

The FAPRI system captures important linkages between dairy, livestock, grain, and oilseed markets. Feed prices impact dairy supply decisions, and the dairy herd has an impact on cattle herd numbers and beef production. Both dairy and livestock animal numbers are used to determine demands for feed, which ultimately influence feed prices.

The present analysis builds on an earlier FAPRI investigation of EU dairy policies (FAPRI (1999b)). The modeling contribution in this paper is the addition of the three CEECs and the disaggregation of their trade flows toward the EU-15 and other countries. Since the primary goal of our investigation is policy analysis rather than a market outlook, we also modified the existing model to cover a more extensive set of policies.

Our model is driven by two major groups of exogenous shifters. First, the model incorporates forecasts of macroeconomic variables, such as gross domestic product (GDP), inflation rates, and exchange rates, and population. These forecasts come from Standard and Poor's DRI, Project Link, and WEFA. We also assume that average weather will prevail in the projection period. Second, important domestic agricultural and trade policy instruments are integrated into the model specification. Apart from the policy changes contained in the Agenda 2000 proposal and the enlargement scenario, domestic agricultural and commercial policies embodied in existing legislation and trade agreements are assumed to remain intact in all countries.

### **3. The Berlin Accord on Agenda 2000**

#### **3.1. Policy Changes**

We utilized the reform proposal outlined by the Agricultural Directorate General of the European Commission (DG VI [1999a]; DG VI [1999b]), by the Council of the European Union, and the European Commission as the basis for our analysis. The proposal includes the following policy changes in the dairy sector. The current milk quota system is retained under Agenda 2000

and will be extended until 2007/08. However, milk quotas are increased in two stages. In 2000 and 2001, quotas for Greece, Spain, Ireland, Italy, and Northern Ireland are increased to more accurately reflect current production. Quotas for all countries are increased by 1.5 percent over the three-year period beginning in 2005. The overall quota increase will be approximately 2.4 percent over the next eight years.

Butter and SMP intervention prices are reduced by 15 percent in three equal steps beginning in 2005 (marketing year). Producers will be compensated for the price reduction by the introduction of a direct payment of 5.75 euros per metric ton in 2005, 11.49 euros per metric ton by 2006, and 17.24 euros per metric ton in 2007 for milk delivered under the quota system. National envelopes are designated to cap additional payments at the country level. Further details of the Berlin Accord and the EU dairy industry are discussed in Benjamin, Gohin and Guyomard in this volume.

### **3.2. Results on the Berlin Accord Scenario**

We simulate the implementation of the proposed CAP reforms described above, as well as the reforms scheduled for the EU grain and livestock sectors through the 2009/10 crop year. The simulation results are compared to the 1999 FAPRI world agricultural baseline (FAPRI (1999a)) to assess the impacts of the policy changes on European and international dairy markets. Table 2 presents Agenda 2000 results in levels for the EU-15. We discuss these results in relative deviations from the 1999 FAPRI baseline outlook.

The impacts of the Berlin Accord on the dairy sector are modest during the first five years of the simulation period. The increase in the milk quota in 2000 and 2001 raises milk production by less than 1 percent, depressing the milk price an average of 2.5 percent. The larger increase in the dairy quota beginning in 2005 raises milk production 1.6 percent above the baseline in 2008. As in the baseline, dairy cow inventories are expected to decline over time in response to greater output per cow. Milk yields grow predominately in response to the technological improvements, but the 7-12 percent decline in feed costs during the first four years of the reforms boosts milk output per cow by 10-18 kg per year. The increase in the dairy quota slows the decline in EU cow inventories, leaving cow numbers 1.52 percent above the baseline level in 2008. Greater

dairy cow inventories have a positive impact on EU beef production, but the 20 percent reduction in beef intervention prices and the release of intervention stocks keeps beef production an average of 0.5 percent below the baseline.

Butter and SMP intervention prices are reduced concurrently with the second increase in the milk quota. The combination of lower market support and increased production pushes the milk price 9.5 percent below the baseline in 2007. Butter and SMP prices decline up to 10.95 and 11.54 percent, respectively, causing milk processors to shift milk away from butter and SMP production and into cheese and WMP production.

With the Berlin Accord, EU cheese output is expected to rise by 3 percent in the outlook period, inducing a 7.6 percent decline in the domestic cheese price by 2007 compared to the projected pre Agenda 2000 projections. As a consequence, EU cheese exports are expected to rise more than 5 percent over their pre Agenda 2000 projection. Declines in SMP production coupled with increases in domestic consumption lead to a 17 percent decline in EU SMP exports in 2007 compared to pre-reform levels.

The impact on world dairy markets is predictable. World prices of dairy products decrease slightly from their baseline levels, and EU exports of cheese expand moderately throughout the outlook period. Exports of butter and SMP first increase, but then decrease after 2005, given the change in relative prices mentioned above. Finally, we find that EU price declines are a percentage point for butter, milk, and cheese of those estimated by Westhoff and Young in a similar study of the Berlin Accord. Westhoff and Young found slightly larger declines for SMP prices. This result is driven by a generally weaker price response in SMP consumption and stockholding behavior in the Westhoff and Young model.

## **4. Enlargement**

### **4.1. Policy Assumptions**

Although the enlargement to include CEECs has been in the making for several years, implementation is still tentative. It is difficult to anticipate the specifics of the CAP policies that will be applied in the acceding countries; however, likely adjustments can be broken down into changes in domestic policies and changes in commercial policies. Looking first at domestic



policies, one intent of the Berlin Accord reforms is to further decouple income support and production to limit budgetary outlays (European Commission). There are conjectures that compensatory payments would not be justified for farmers in the acceding countries. These farmers would face more favorable prices following accession; however, excess agricultural labor in the new member countries may negate the impact of farm price increases as wages adjust toward EU levels (Pouliquen).

Our analysis assumes that compensatory payments, as outlined in the Berlin Accord, are extended to farmers in the exceeding countries. We do not explicitly model direct payments in the dairy sector, however, because they are assumed to be completely decoupled. They simply translate into an income transfer without first-round efficiency implications. We also omit increases in labor costs following accession, so it is as if the compensatory payments exactly offset the expected rise in agricultural wages.

We assume acceding countries will receive an initial milk production quota based on historical output, as did Austria, Finland, and Sweden when they joined the EU-12 in 1995. We take average milk deliveries in each country for the last three years prior to accession in 2003 as an approximation for the quota levels implemented in the CEECs. EU agricultural surpluses and protectionism may lead to actual policies that are different for the CEECs joining the Union, but our assumption is transparent and consistent with historical experience (see Josling et al. for a similar assumption).

We assume that after accession the acceding countries will participate with the existing EU-15 countries in the forthcoming policy changes contained in the Berlin Accord. In the dairy industry, this means that the three countries receive milk quota increases of 1.5 percent starting in 2005, as do the EU-15 countries. We also assume that domestic prices and support prices in the new member countries will be harmonized with the EU-15.

In terms of trade policies, we assume that the tariff structure in the acceding CEECs is harmonized with the EU-15. They apply the EU common tariff to trade flows external to the EU-18, and there is free trade within the enlarged Union. In instances when tariffs in the CEECs must be raised to meet EU-15 levels, we assume that compensation arrangements will be made under Article XXIV of the Uruguay Round Agreement on Agriculture (URAA)<sup>2</sup>. Caps on

subsidized exports under World Trade Organization (WTO) commitments may be exacerbated by greater surpluses induced by enlargement. Policy changes in the Berlin Accord that further decouple income support and production will increase the potential for unsubsidized exports via lower European prices. For the specific case of dairy products, WTO subsidy constraints play a secondary role since the EU-15 and the three acceding countries considered in our analysis are natural exporters of dairy products. Table 1 summarizes the policy coverage and assumptions for the three acceding countries.

## **4.2 Results on the EU Enlargement Scenario**

Using the Berlin Accord results as a new reference for comparison, we simulate the impacts of the Czech Republic, Hungary, and Poland joining the EU. Tables 2 and 3 show enlargement and Agenda 2000 results in levels for the EU-15 and the Czech Republic, respectively. Further results for Hungary and Poland are discussed in the appendix tables.

In summary, the accession increases domestic prices for milk and dairy products to the new EU-18 levels in the three CEECs. Domestic final demand decreases, especially for dairy products. Significant increases in feed costs, as well as the imposition of marketing quotas, dampen the growth in milk production in the CEECs, particularly in Poland. Nevertheless, production of dairy products in the CEECs expands, and exports to the EU-15 increase considerably. Given the higher domestic prices, CEEC exports to nonEU countries decrease, which represents a case of trade diversion. For most of the CEECs, these trade flows were small prior to accession, so the changes have little impact on world markets. Consumers in the EU-15 benefit from lower food prices, and export demand for EU products expands beyond the level induced by Agenda 2000. The impact on world markets of the three CEECs accession is almost negligible. World prices in most years change by less than 1 percent compared to their Agenda 2000 levels.

The EU-15 dairy exports, excluding trade with the CEECs, increase significantly with respect to their levels under Agenda 2000. Greater exports are possible because domestic consumers substitute some indigenous dairy products for imports from the new member countries. Stock levels rise to absorb some of the displaced domestic production, but excess

supplies within the expanded Union prompt butter, cheese, and SMP prices to fall and EU-15 exports to rise. We exogenously impose an increase in the ending stock of dairy products in the three acceding countries. This assumption is motivated by the questionable political feasibility of unconstrained export expansion toward the EU-15. We assume that 50 percent of the change in exports to the EU-15 goes into inventory. In addition, we assume that expenditures on export subsidies in the Czech Republic will be pushed to their maximum allowed under the URAA, less the estimated expenditures on subsidies to the EU-15 prior to accession. Increasing export subsidies minimizes trade diversion in the Czech Republic. These assumptions could be easily relaxed and would just make our qualitative results on EU prices and intra-trade more pronounced.

Between 2003 and 2010 internal EU prices for cheese, butter, SMP, and WMP fall by 2.4 to 5.9 percent compared to their Agenda 2000 levels. The value of the milk used to produce these products consequently falls, mimicking the changes in dairy product prices and falling by comparable magnitude with respect to their Agenda 2000 levels. EU export prices follow the world prices for dairy products and, thus, are largely unaffected by the enlargement to include the three CEECs.

In the Czech Republic, the milk quota is set at the average historical level for milk deliveries, and it largely determines milk production after accession. Some additional production occurs because of the increases in output price relative to feed costs, but most of the excess production is used for feed and is not marketed under quota. Milk consumption drops by 10.7 percent the first year of accession, compared to the Agenda 2000 level. Consumption gradually rises and stabilizes roughly 4.6 percent below the pre-accession levels. Similarly, domestic consumption of cheese, butter, and SMP initially decreases by 7.8, 4.2, and 11.3 percent, respectively, then slowly converges toward levels 2 to 6 percent below the pre-accession projection. Although not calculated here, losses of consumer surplus are considerable, given the inelastic nature of food demand. Domestic prices for milk, cheese, butter, and SMP initially increase by 35.5, 68.8, 95.1, and 80.5 percent respectively! Despite higher fluid milk prices, the derived demand for milk in cheese, butter, and industrial use expands significantly because of the

higher prices for dairy products in the Czech Republic. Dairy exports to the EU-15 expand dramatically but the new levels are still quite small, compared to the size of the EU market.

In Hungary and Poland, similar patterns occur. Poland is the largest producer of milk among the three countries joining the EU. The notable difference is its consumption of fluid milk, which is the highest among the three CEECs and is a bit more price responsive than consumption in the other two countries. Unlike the Czech Republic and Hungary, Poland was a significant exporter of dairy products, particularly SMP and cheese. With the dramatic rise in domestic Polish prices following accession, Polish exports to non-EU-18 countries drop dramatically, causing a slight rise in the world SMP price in 2003 and 2004. We refer the interested reader to appendix A for further details on the Czech Republic, Hungary, and Poland.

With the usual caveat of partial equilibrium analysis, major losers appear to be net food consumers in the three acceding countries. Producers in the EU-15 also suffer minor losses, but the declines in dairy product output in the EU-15 are generally less than 1 percent. This conclusion abstracts from positive income and efficiency effects that are likely to result from the integration in the European market.

## 5. Concluding Remarks

The CAP reforms resulting from the Berlin Accord are likely to create substantial changes in European agricultural markets. Policy changes in the dairy sector will lower dairy product prices between 5 and 15 percent. Expansion in EU milk output will be channeled predominately into cheese production, lowering EU prices and increasing cheese exports.

The enlargement of the European customs union to the Czech Republic, Hungary, and Poland would provide a major shock to European dairy markets, especially given their sizeable agricultural sectors. We found that accession of these three countries leads to a permanent but moderate decrease in EU prices of milk and dairy products. For the three former CEECs, these prices are much higher than pre-accession domestic prices.

In the three CEECs, final consumption of milk drops drastically. The derived demand for milk for dairy products increases, however, because of the higher prices for dairy products, benefiting dairy producers but penalizing consumers severely. Final consumption of dairy

products in the three acceding countries decreases precipitously. This result abstracts from other gains to consumers from integration and deepening of markets (See Baldwin et al.). Exports to the former EU-15 increase by one to three orders of magnitude, despite the imposition of building large inventories.

The impact of accession on world market prices is negligible, except for some trade diversion occurring in the three CEECs with accession. The three new members contribute significantly to EU intra-trade and induce lower prices in the former EU-15 market. This effect has been dampened in our model because of our prior belief that it would be politically infeasible to allow unrestrained expansion of exports into the EU-15, forcing stocks to rise in the CEECs. Finally, we note that our results are qualitatively similar to results found by Chevassus-Lozza et al. in their analysis of the accession of the whole set of CEECs.

As explained at the beginning of the paper, the results reported in this analysis are dependent on series of assumptions relating to the functioning of EU markets and to the future world agricultural and macro-economic situations. In addition, the specific modalities of accession of the three CEECs considered here are not known. We have attempted to make transparent yet reasonable assumptions on how this accession would occur. Changes in the underlying assumptions could invalidate or alter the results reported in this study.





Table 1: Policy summary for enlargement to Czech Republic, Hungary, and Poland (Cont.)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Hungary</b>										
<b>Milk Quota</b>	Thousand MT									
Agenda 2000	1900	1900	1900	1900	1900	1900	1900	1900	1900	1900
Enlargement	1900	1900	1900	1900	1910	1919	1929	1929	1929	1929
<b>Direct Dairy Payments</b>	Million Florint									
Agenda 2000	0	0	0	0	0	0	0	0	0	0
Enlargement	0	0	0	0	4055	8453	13202	13665	14144	14640
<b>Preferential Tariff Rates</b>	Percent Ad Valorem									
Butter										
Agenda 2000	60	60	60	60	60	60	60	60	60	60
Enlargement	60	60	38	38	36	36	35	35	35	35
Cheese										
Agenda 2000	50	50	50	50	50	50	50	50	50	50
Enlargement	50	50	20	20	20	20	20	20	20	19
SMP										
Agenda 2000	51	51	51.2	51.2	51.2	51.2	51.2	51.2	51.2	51.2
Enlargement	51	51	19	19	19	19	18	17	16	16
<b>Poland</b>										
<b>Milk Quota</b>	Thousand MT									
Agenda 2000	0	0	0	0	0	0	0	0	0	0
Enlargement	0	0	11845	11845	11904	11963	12022	12022	12022	12022
<b>Direct Dairy Payments</b>	Million Zlotys									
Agenda 2000	0	0	0	0	0	0	0	0	0	0
Enlargement	0	0	0	0	489	1046	1676	1780	1889	2004
<b>Preferential Tariff Rates</b>	Percent Ad Valorem									
Butter										
Agenda 2000	40	40	40	40	40	40	40	40	40	40
Enlargement	40	40	38	38	36	36	35	35	35	35
Cheese										
Agenda 2000	35	35	35	35	35	35	35	35	35	35
Enlargement	35	35	20	20	20	20	20	20	20	19
SMP										
Agenda 2000	40	40	40	40	40	40	40	40	40	40
Enlargement	40	40	19	19	19	19	18	17	16	16



Table 2. Impacts of EU enlargement on EU milk, butter, and cheese

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Milk Production</b>	(Thousand MT)									
Agenda 2000	121,514	121,471	121,405	121,361	121,723	122,014	122,300	122,177	122,163	122,166
Enlargement	121,514	121,471	121,323	121,120	121,394	121,686	122,003	121,922	121,935	121,948
<b>Fluid Milk Cons.</b>										
Agenda 2000	32,377	32,284	32,174	32,040	32,046	32,021	32,015	31,850	31,700	31,555
Enlargement	32,377	32,284	32,358	32,353	32,372	32,330	32,289	32,101	31,935	31,780
<b>Milk Price</b>	(ECU/100 Kg)									
Agenda 2000	29	29	29	29	29	29	28	29	29	29
Enlargement	29	29	28	28	27	27	27	27	28	28
<b>Butter Production</b>	(Thousand MT)									
Agenda 2000	1,784	1,779	1,774	1,773	1,764	1,758	1,746	1,747	1,746	1,744
Enlargement	1,784	1,779	1,775	1,767	1,753	1,746	1,736	1,739	1,741	1,741
<b>Butter Consumption</b>										
Agenda 2000	1,639	1,637	1,633	1,631	1,647	1,656	1,667	1,658	1,652	1,647
Enlargement	1,639	1,637	1,637	1,641	1,663	1,672	1,684	1,675	1,669	1,664
<b>Butter Net Exports (Excl. Vis. 3)</b>										
Agenda 2000	138	146	149	151	144	132	115	107	105	105
Enlargement	138	146	152	158	154	144	127	119	117	116
<b>Butter Net Exports to Vis. 3</b>										
Agenda 2000	-1	-1	-2	-2	-2	-2	-1	-1	-1	-1
Enlargement	-1	-1	-41	-59	-53	-46	-39	-35	-32	-30
<b>Cheese Production</b>										
Agenda 2000	6,153	6,210	6,266	6,317	6,424	6,516	6,619	6,654	6,708	6,768
Enlargement	6,153	6,210	6,223	6,258	6,370	6,467	6,574	6,610	6,661	6,717
<b>Cheese Consumption</b>										
Agenda 2000	5,838	5,897	5,953	6,003	6,091	6,176	6,268	6,317	6,369	6,421
Enlargement	5,838	5,897	6,025	6,119	6,209	6,288	6,367	6,408	6,454	6,503
<b>Cheese Net Exports to Vis. 3</b>										
Agenda 2000	-21	-18	-17	-12	-8	-3	0	3	5	6
Enlargement	-21	-18	-167	-235	-228	-217	-203	-197	-193	-188
<b>Dairy Prices</b>										
<b>EU Cheese Price</b>	(ECU/100 kg)									
Agenda 2000	465	468	471	477	473	470	465	471	477	483
Enlargement	465	468	455	450	445	443	441	448	455	462
<b>EU Butter Price</b>										
Agenda 2000	353	353	355	357	345	337	327	331	334	337
Enlargement	353	353	346	340	326	318	309	314	317	319
<b>Cheese, FOB N. Eur.</b>	(U.S. Dollars/MT)									
Agenda 2000	2,430	2,431	2,432	2,450	2,447	2,444	2,451	2,446	2,458	2,520
Enlargement	2,430	2,431	2,457	2,435	2,428	2,427	2,446	2,454	2,469	2,514
<b>Butter, FOB N. Eur.</b>										
Agenda 2000	1,746	1,765	1,791	1,815	1,864	1,888	1,890	1,887	1,884	1,870
Enlargement	1,746	1,765	1,789	1,799	1,844	1,878	1,884	1,884	1,881	1,862

Table 3. Impacts of EU enlargement on Czech Republic milk, butter, and cheese

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Milk</b>										
Milk Production	(Thousand MT)									
Agenda 2000	2,831	2,822	2,795	2,763	2,737	2,721	2,719	2,730	2,751	2,781
Enlargement	2,831	2,822	3,095	3,128	2,973	2,960	2,925	2,900	2,880	2,862
Fluid Milk Cons.										
Agenda 2000	313	323	333	343	353	362	372	381	391	401
Enlargement	313	323	298	313	328	342	355	364	373	384
Domestic Milk Prices	(Koruny/kg)									
Agenda 2000	8.6	8.2	7.9	7.8	7.6	7.6	7.5	7.5	7.5	7.5
Enlargement	8.6	8.2	10.8	10.2	9.7	9.4	9.1	9.2	9.3	9.3
Change	0.00	0.00	2.82	2.46	2.09	1.85	1.59	1.71	1.79	1.83
% Change	0.0%	0.0%	35.5%	31.7%	27.4%	24.5%	21.1%	22.7%	23.9%	24.3%
<b>Butter</b>										
Butter Production	(Thousand MT)									
Agenda 2000	70	69	68	66	65	64	64	63	63	62
Enlargement	70	69	74	73	68	67	65	64	63	62
Butter Consumption										
Agenda 2000	48	48	49	49	49	49	50	50	50	51
Enlargement	48	48	47	47	48	48	49	49	49	50
Butter Net Exports to EU-18										
Agenda 2000	1	1	1	1	1	1	1	1	1	1
Enlargement	1	1	10	12	9	6	4	2	1	0
Domestic Butter Price	(Koruny/kg)									
Agenda 2000	85.6	82.1	80.0	78.4	78.5	77.9	76.7	76.0	75.4	74.3
Enlargement	85.6	82.1	135.0	127.7	118.9	113.3	108.2	108.9	109.2	109.1
<b>Cheese</b>										
Cheese Production	(Thousand MT)									
Agenda 2000	80	80	79	78	77	76	76	76	77	78
Enlargement	80	80	99	99	90	91	89	89	88	87
Cheese Consumption										
Agenda 2000	77	79	80	81	83	84	85	86	87	88
Enlargement	77	79	74	76	78	79	81	82	83	84
Cheese Net Exports to EU-18										
Agenda 2000	7	5	2	0	-2	-4	-6	-7	-7	-6
Enlargement	7	5	30	36	32	30	27	25	23	21
Domestic Cheese Price	(Koruny/kg)									
Agenda 2000	102.1	95.7	91.0	87.9	85.2	82.9	81.5	80.5	80.1	81.1
Enlargement	102.1	95.7	177.5	168.9	162.4	157.9	154.3	155.7	156.8	157.8

## Appendix A

## Impacts of EU enlargement of EU milk

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Milk Production	(Thousand MT)									
Agenda 2000	121,514	121,471	121,405	121,361	121,723	122,014	122,300	122,177	122,163	122,166
Enlargement	121,514	121,471	121,323	121,120	121,394	121,686	122,003	121,922	121,935	121,948
% Change	0.0%	0.0%	-0.1%	-0.2%	-0.3%	-0.3%	-0.2%	-0.2%	-0.2%	-0.2%
Milk Deliveries	(Thousand MT)									
Agenda 2000	118,219	118,239	118,238	118,253	118,664	119,006	119,345	119,279	119,323	119,382
Enlargement	118,219	118,239	118,155	118,012	118,337	118,680	119,050	119,022	119,090	119,157
% Change	0.0%	0.0%	-0.1%	-0.2%	-0.3%	-0.3%	-0.2%	-0.2%	-0.2%	-0.2%
Fluid Milk Cons.	(Thousand MT)									
Agenda 2000	32,377	32,284	32,174	32,040	32,046	32,021	32,015	31,850	31,700	31,555
Enlargement	32,377	32,284	32,358	32,353	32,372	32,330	32,289	32,101	31,935	31,780
% Change	0.0%	0.0%	0.6%	1.0%	1.0%	1.0%	0.9%	0.8%	0.7%	0.7%
Milk Price	(ECU/100 Kg)									
Agenda 2000	29	29	29	29	29	29	28	29	29	29
Enlargement	29	29	28	28	27	27	27	27	28	28
% Change	0.0%	0.0%	-3.2%	-5.6%	-6.0%	-5.9%	-5.4%	-5.0%	-4.7%	-4.5%

## Impacts of EU enlargement on EU butter

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Butter Production	(Thousand MT)									
Agenda 2000	1,784	1,779	1,774	1,773	1,764	1,758	1,746	1,747	1,746	1,744
Enlargement	1,784	1,779	1,775	1,767	1,753	1,746	1,736	1,739	1,741	1,741
% Change	0.0%	0.0%	0.1%	-0.3%	-0.6%	-0.7%	-0.6%	-0.5%	-0.3%	-0.2%
Butter Consumption										
Agenda 2000	1,639	1,637	1,633	1,631	1,647	1,656	1,667	1,658	1,652	1,647
Enlargement	1,639	1,637	1,637	1,641	1,663	1,672	1,684	1,675	1,669	1,664
% Change	0.0%	0.0%	0.2%	0.7%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%
Butter Net Exports (Excl. Vis. 3)										
Agenda 2000	138	146	149	151	144	132	115	107	105	105
Enlargement	138	146	152	158	154	144	127	119	117	116
% Change	0.0%	0.0%	2.4%	4.7%	6.5%	8.7%	10.6%	11.4%	11.4%	10.5%
Butter Net Exports to Vis. 3										
Agenda 2000	-1	-1	-2	-2	-2	-2	-1	-1	-1	-1
Enlargement	-1	-1	-41	-59	-53	-46	-39	-35	-32	-30
% Change	0.0%	0.0%	2409.5%	3284.3%	2993.5%	2708.6%	2677.2%	2916.0%	4826.8%	3889.3%

**Impacts of EU enlargement on EU cheese**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<hr/>										
Cheese Production	(Thousand MT)									
Agenda 2000	6,153	6,210	6,266	6,317	6,424	6,516	6,619	6,654	6,708	6,768
Enlargement	6,153	6,210	6,223	6,258	6,370	6,467	6,574	6,610	6,661	6,717
% Change	0.0%	0.0%	-0.7%	-0.9%	-0.8%	-0.7%	-0.7%	-0.7%	-0.7%	-0.8%
<hr/>										
Cheese Consumption										
Agenda 2000	5,838	5,897	5,953	6,003	6,091	6,176	6,268	6,317	6,369	6,421
Enlargement	5,838	5,897	6,025	6,119	6,209	6,288	6,367	6,408	6,454	6,503
% Change	0.0%	0.0%	1.2%	1.9%	2.0%	1.8%	1.6%	1.4%	1.3%	1.3%
<hr/>										
Cheese Net Exports (Excl. Vis. 3)										
Agenda 2000	330	329	314	317	324	331	341	340	342	350
Enlargement	330	329	350	365	378	389	402	405	406	407
% Change	0.0%	0.0%	11.6%	15.4%	16.8%	17.6%	18.1%	19.1%	18.6%	16.1%
<hr/>										
Cheese Net Exports to Vis. 3										
Agenda 2000	-21	-18	-17	-12	-8	-3	0	3	5	6
Enlargement	-21	-18	-167	-235	-228	-217	-203	-197	-193	-188
% Change	0.0%	0.0%	892.0%	1801.4%	2703.9%	7110.3%	NA	-6060.9%	-4281.5%	-3013.3%

## Impacts of EU enlargement on EU milk powder

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
(Thousand Metric Tons)										
SMP Production										
Agenda 2000	1,111	1,086	1,062	1,046	1,001	965	915	908	893	874
Enlargement	1,111	1,086	1,066	1,036	978	941	894	892	883	871
Change	0.00	0.00	4.30	-10.41	-22.71	-23.99	-20.47	-15.83	-9.66	-3.84
% Change	0.0%	0.0%	0.4%	-1.0%	-2.3%	-2.5%	-2.2%	-1.7%	-1.1%	-0.4%
SMP Consumption										
Agenda 2000	886	881	874	857	846	836	828	810	794	778
Enlargement	886	881	879	867	857	845	835	815	797	779
% Change	0.0%	0.0%	0.6%	1.1%	1.2%	1.1%	0.9%	0.6%	0.4%	0.2%
SMP Net Exports (Excl. Vis. 3)										
Agenda 2000	230	232	194	194	194	177	135	116	108	103
Enlargement	230	232	237	239	240	237	196	178	169	165
% Change	0.0%	0.0%	22.0%	23.2%	23.8%	33.8%	45.4%	53.5%	57.3%	60.8%
SMP Net Exports to Vis. 3										
Agenda 2000	-36	-38	-42	-45	-46	-48	-51	-53	-54	-57
Enlargement	-36	-38	-83	-103	-95	-85	-74	-67	-61	-57
% Change	0.0%	0.0%	96.9%	131.1%	107.3%	78.0%	46.5%	27.0%	11.5%	-0.4%
WMP Production										
Agenda 2000	996	996	995	993	997	1,002	1,011	1,009	1,006	1,003
Enlargement	996	996	1,004	1,005	1,009	1,012	1,020	1,018	1,015	1,011
% Change	0.0%	0.0%	0.9%	1.2%	1.3%	1.1%	1.0%	0.9%	0.8%	0.7%
WMP Exports										
Agenda 2000	444	443	440	438	440	443	451	449	446	443
Enlargement	444	443	449	449	451	453	460	457	454	449
% Change	0.0%	0.0%	1.9%	2.5%	2.5%	2.1%	1.9%	1.8%	1.6%	1.4%

**Impacts of EU enlargement on EU dairy prices**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
EU Milk Price	(ECU/100 kg)									
Agenda 2000	29	29	29	29	29	29	28	29	29	29
Enlargement	29	29	28	28	27	27	27	27	28	28
% Change	0.0%	0.0%	-3.2%	-5.6%	-6.0%	-5.9%	-5.4%	-5.0%	-4.7%	-4.5%
EU Cheese Price										
Agenda 2000	465	468	471	477	473	470	465	471	477	483
Enlargement	465	468	455	450	445	443	441	448	455	462
% Change	0.0%	0.0%	-3.4%	-5.6%	-5.9%	-5.7%	-5.2%	-4.8%	-4.5%	-4.4%
EU Butter Price										
Agenda 2000	353	353	355	357	345	337	327	331	334	337
Enlargement	353	353	346	340	326	318	309	314	317	319
% Change	0.0%	0.0%	-2.5%	-4.7%	-5.6%	-5.7%	-5.5%	-5.3%	-5.2%	-5.1%
EU SMP Price										
Agenda 2000	205	204	205	208	205	202	198	201	204	206
Enlargement	205	204	199	197	193	191	189	194	197	201
% Change	0.0%	0.0%	-2.9%	-5.3%	-5.6%	-5.3%	-4.6%	-3.8%	-3.2%	-2.7%
EU WMP Price										
Agenda 2000	249	251	253	256	252	250	246	250	253	256
Enlargement	249	251	247	244	240	238	236	240	244	247
% Change	0.0%	0.0%	-2.4%	-4.4%	-4.8%	-4.7%	-4.3%	-3.9%	-3.6%	-3.5%
Cheese, FOB N.Eur.	(U.S. Dollars/MT)									
Agenda 2000	2,430	2,431	2,432	2,450	2,447	2,444	2,451	2,446	2,458	2,520
Enlargement	2,430	2,431	2,457	2,435	2,428	2,427	2,446	2,454	2,469	2,514
% Change	0.0%	0.0%	1.0%	-0.6%	-0.8%	-0.7%	-0.2%	0.3%	0.4%	-0.3%
Butter, FOB N.Eur.										
Agenda 2000	1,746	1,765	1,791	1,815	1,864	1,888	1,890	1,887	1,884	1,870
Enlargement	1,746	1,765	1,789	1,799	1,844	1,878	1,884	1,884	1,881	1,862
% Change	0.0%	0.0%	-0.2%	-0.9%	-1.0%	-0.5%	-0.3%	-0.1%	-0.2%	-0.4%



### Impacts of EU enlargement on EU dairy prices (cont.)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
SMP, FOB N.Eur.										
Agenda 2000	1,418	1,460	1,475	1,501	1,509	1,557	1,657	1,711	1,749	1,793
Enlargement	1,418	1,460	1,520	1,525	1,525	1,544	1,642	1,698	1,736	1,776
% Change	0.0%	0.0%	3.0%	1.6%	1.0%	-0.9%	-0.9%	-0.7%	-0.7%	-1.0%
WMP, FOB N.Eur.										
Agenda 2000	1,703	1,711	1,710	1,715	1,711	1,725	1,761	1,775	1,781	1,779
Enlargement	1,703	1,711	1,730	1,719	1,709	1,709	1,746	1,763	1,769	1,762
% Change	0.0%	0.0%	1.2%	0.2%	-0.2%	-0.9%	-0.9%	-0.7%	-0.7%	-1.0%

**Impacts of EU enlargement on Czech Republic milk**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Milk Production										
					(Thousand MT)					
Agenda 2000	2,831	2,822	2,795	2,763	2,737	2,721	2,719	2,730	2,751	2,781
Enlargement	2,831	2,822	3,095	3,128	2,973	2,960	2,925	2,900	2,880	2,862
% Change	0.0%	0.0%	10.7%	13.2%	8.7%	8.8%	7.6%	6.3%	4.7%	2.9%
Milk Deliveries										
Agenda 2000	2,412	2,406	2,382	2,356	2,337	2,328	2,330	2,344	2,368	2,399
Enlargement	2,412	2,406	2,688	2,695	2,524	2,530	2,498	2,480	2,467	2,454
% Change	0.0%	0.0%	12.8%	14.4%	8.0%	8.7%	7.2%	5.8%	4.2%	2.3%
Fluid Milk Cons.										
					(Thousand MT)					
Agenda 2000	313	323	333	343	353	362	372	381	391	401
Enlargement	313	323	298	313	328	342	355	364	373	384
% Change	0.0%	0.0%	-10.7%	-8.7%	-6.9%	-5.7%	-4.6%	-4.6%	-4.6%	-4.4%
Industrial Milk Use										
Agenda 2000	2,099	2,083	2,049	2,013	1,984	1,966	1,959	1,963	1,977	1,998
Enlargement	2,099	2,083	2,390	2,382	2,195	2,188	2,144	2,117	2,093	2,070
% Change	0.0%	0.0%	16.7%	18.3%	10.6%	11.3%	9.5%	7.8%	5.9%	3.6%
Domestic Milk Price										
					(Koruny/kg)					
Agenda 2000	8.6	8.2	7.9	7.8	7.6	7.6	7.5	7.5	7.5	7.5
Enlargement	8.6	8.2	10.8	10.2	9.7	9.4	9.1	9.2	9.3	9.3
% Change	0.0%	0.0%	35.5%	31.7%	27.4%	24.5%	21.1%	22.7%	23.9%	24.3%

## Impacts of EU enlargement on Czech Republic butter

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Butter Production</b> (Thousand MT)										
Agenda 2000	70	69	68	66	65	64	64	63	63	62
Enlargement	70	69	74	73	68	67	65	64	63	62
% Change	0.0%	0.0%	8.7%	9.2%	4.4%	4.3%	2.8%	1.7%	0.6%	-0.5%
<b>Butter Consumption</b>										
Agenda 2000	48	48	49	49	49	49	50	50	50	51
Enlargement	48	48	47	47	48	48	49	49	49	50
% Change	0.0%	0.0%	-4.2%	-3.6%	-2.8%	-2.4%	-2.0%	-2.0%	-2.0%	-2.0%
<b>Butter Stocks</b>										
Agenda 2000	2	2	2	2	2	2	2	2	2	2
Enlargement	2	2	7	8	6	5	4	3	3	2
% Change	0.0%	0.0%	250.1%	301.0%	220.1%	160.9%	103.1%	58.4%	30.9%	9.9%
<b>Butter Net Exports (Excl. EU-18)</b>										
Agenda 2000	21	20	19	18	16	15	14	13	12	11
Enlargement	21	20	12	12	13	14	14	14	13	12
% Change	0.0%	0.0%	-36.1%	-28.9%	-17.6%	-7.5%	0.5%	7.5%	8.5%	9.2%
<b>Butter Net Exports to EU-18</b>										
Agenda 2000	1	1	1	1	1	1	1	1	1	1
Enlargement	1	1	10	12	9	6	4	2	1	0
% Change	0.0%	0.0%	752.6%	1025.2%	788.3%	587.7%	353.0%	152.4%	17.7%	-96.4%
<b>Domestic Butter Price</b> (Koruny/kg)										
Agenda 2000	85.6	82.1	80.0	78.4	78.5	77.9	76.7	76.0	75.4	74.3
Enlargement	85.6	82.1	135.0	127.7	118.9	113.3	108.2	108.9	109.2	109.1
% Change	0.0%	0.0%	68.8%	62.8%	51.5%	45.5%	40.9%	43.3%	44.9%	46.9%

## Impacts of EU enlargement on Czech Republic cheese

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Cheese Production</b> (Thousand MT)										
Agenda 2000	80	80	79	78	77	76	76	76	77	78
Enlargement	80	80	99	99	90	91	89	89	88	87
% Change	0.0%	0.0%	25.7%	27.2%	17.7%	19.7%	18.4%	16.7%	14.5%	11.5%
<b>Cheese Consumption</b>										
Agenda 2000	77	79	80	81	83	84	85	86	87	88
Enlargement	77	79	74	76	78	79	81	82	83	84
% Change	0.0%	0.0%	-7.8%	-6.9%	-6.2%	-5.7%	-5.2%	-5.1%	-5.0%	-4.7%
<b>Cheese Stocks</b>										
Agenda 2000	3	3	3	3	3	3	3	3	3	3
Enlargement	3	3	15	19	16	15	14	13	12	11
% Change	0.0%	0.0%	415.4%	527.4%	448.7%	413.2%	366.6%	333.8%	305.9%	275.2%
<b>Cheese Net Exports (Excl. EU-18)</b>										
Agenda 2000	-4	-4	-1	-4	-6	-8	-9	-10	-10	-10
Enlargement	-4	-4	-17	-17	-17	-17	-17	-17	-17	-17
% Change	0.0%	0.0%	1139.2%	341.6%	175.9%	109.8%	74.6%	65.5%	65.3%	72.3%
<b>Cheese Net Exports to EU-18</b>										
Agenda 2000	7	5	2	0	-2	-4	-6	-7	-7	-6
Enlargement	7	5	30	36	32	30	27	25	23	21
% Change	0.0%	0.0%	1246.2%	-15196.2%	-1371.3%	-773.5%	-555.3%	-473.2%	-437.1%	-429.9%
<b>Domestic Cheese Price</b> (Koruny/kg)										
Agenda 2000	102.1	95.7	91.0	87.9	85.2	82.9	81.5	80.5	80.1	81.1
Enlargement	102.1	95.7	177.5	168.9	162.4	157.9	154.3	155.7	156.8	157.8
% Change	0.0%	0.0%	95.1%	92.1%	90.7%	90.4%	89.3%	93.3%	95.8%	94.5%

## Impacts of EU enlargement on Czech Republic skim milk powder

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>SMP Production</b> (Thousand MT)										
Agenda 2000	63	61	59	56	54	52	51	50	48	47
Enlargement	63	61	67	64	57	55	52	49	47	45
% Change	0.0%	0.0%	13.2%	14.3%	5.7%	5.0%	1.6%	-0.5%	-2.8%	-4.9%
<b>SMP Consumption</b>										
Agenda 2000	21	21	22	22	22	23	23	23	23	23
Enlargement	21	21	19	20	20	21	21	21	22	22
% Change	0.0%	0.0%	-11.3%	-9.9%	-8.7%	-7.6%	-6.2%	-6.0%	-5.7%	-5.5%
<b>SMP Stocks</b>										
Agenda 2000	2	2	2	2	2	2	2	2	2	2
Enlargement	2	2	8	9	6	3	1	0	0	0
% Change	0.0%	0.0%	294.5%	335.2%	185.9%	66.3%	-46.5%	-100.0%	-100.0%	-100.0%
<b>SMP Net Exports (Excl. EU-18)</b>										
Agenda 2000	32	30	37	34	32	30	28	27	25	24
Enlargement	32	30	23	23	25	27	28	28	29	30
% Change	0.0%	0.0%	-38.9%	-32.2%	-20.0%	-8.9%	-0.7%	4.2%	13.7%	22.7%
<b>SMP Net Exports to EU-18</b>										
Agenda 2000	10	9	9	8	7	7	7	7	6	6
Enlargement	10	9	19	20	14	9	5	1	-4	-7
% Change	0.0%	0.0%	119.9%	163.0%	102.7%	40.1%	-29.5%	-84.0%	-155.8%	-206.4%
<b>Domestic SMP Price</b> (Koruny/kg)										
Agenda 2000	47.1	45.1	43.0	41.8	40.6	40.8	42.6	43.6	44.1	44.8
Enlargement	47.1	45.1	77.7	73.9	70.6	68.2	66.1	67.2	68.0	68.6
Change	0.00	0.00	34.64	32.13	29.97	27.44	23.46	23.61	23.84	23.78
% Change	0.0%	0.0%	80.5%	76.8%	73.8%	67.3%	55.0%	54.2%	54.0%	53.1%

**Impacts of EU enlargement on Hungary milk**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Milk Production	(Thousand MT)									
Agenda 2000	2,116	2,166	2,167	2,159	2,153	2,156	2,158	2,168	2,177	2,188
Enlargement	2,116	2,166	2,167	2,219	2,168	2,160	2,146	2,145	2,145	2,149
% Change	0.0%	0.0%	0.0%	2.8%	0.7%	0.2%	-0.6%	-1.1%	-1.4%	-1.8%
Milk Deliveries										
Agenda 2000	1,896	1,948	1,949	1,947	1,949	1,961	1,969	1,985	1,999	2,017
Enlargement	1,896	1,948	1,960	2,018	1,972	1,976	1,969	1,976	1,983	1,994
% Change	0.0%	0.0%	0.6%	3.6%	1.1%	0.8%	0.0%	-0.5%	-0.8%	-1.1%
Fluid Milk Cons.	(Thousand MT)									
Agenda 2000	646	650	657	664	671	678	686	693	701	709
Enlargement	646	650	567	580	594	605	618	624	632	641
% Change	0.0%	0.0%	-13.7%	-12.7%	-11.5%	-10.7%	-9.9%	-10.0%	-9.9%	-9.6%
Domestic Milk Price	(Florint/kg)									
Agenda 2000	50.4	53.0	55.0	57.3	59.5	61.6	63.8	65.8	68.1	71.3
Enlargement	50.4	53.0	96.2	98.8	100.5	103.1	105.5	111.3	117.0	122.8
% Change	0.0%	0.0%	74.9%	72.2%	68.9%	67.4%	65.3%	69.2%	71.9%	72.1%

## Impacts of EU enlargement on Hungary butter

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Butter Production	(Thousand MT)									
Agenda 2000	13	14	14	14	14	14	14	14	14	14
Enlargement	13	14	15	16	15	15	15	15	15	15
% Change	0.0%	0.0%	9.5%	15.6%	10.4%	9.2%	7.0%	6.1%	5.4%	4.7%
Butter Consumption										
Agenda 2000	14	14	14	15	15	15	16	16	17	17
Enlargement	14	14	13	14	14	15	15	16	16	16
% Change	0.0%	0.0%	-7.2%	-6.2%	-4.5%	-3.6%	-2.9%	-3.0%	-3.1%	-3.1%
Butter Stocks										
Agenda 2000	0	0	0	0	0	0	0	0	0	0
Enlargement	0	0	1	1	1	1	1	1	1	1
% Change	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Butter Net Exports (Excl. EU-18)										
Agenda 2000	0	0	0	-1	-1	-2	-2	-2	-3	-3
Enlargement	0	0	-1	-1	-2	-2	-2	-3	-3	-3
% Change	0.0%	0.0%	111.5%	51.4%	28.5%	19.1%	12.7%	12.1%	11.1%	10.5%
Butter Net Exports to EU-18										
Agenda 2000	0	0	0	0	0	0	0	0	0	0
Enlargement	0	0	2	3	3	2	2	2	2	2
Change	0.00	0.00	1.90	2.99	2.65	2.30	1.88	1.70	1.60	1.54
Domestic Butter Price	(Florint/kg)									
Agenda 2000	739.1	788.2	832.7	877.1	937.4	985.2	1,019.9	1,051.4	1,084.3	1,110.1
Enlargement	739.1	788.2	1,185.4	1,211.0	1,204.5	1,218.7	1,227.1	1,289.5	1,348.4	1,406.3
% Change	0.0%	0.0%	42.4%	38.1%	28.5%	23.7%	20.3%	22.6%	24.4%	26.7%

**Impacts of EU enlargement on Hungary cheese**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Cheese Production</b> (Thousand MT)										
Agenda 2000	51	54	53	52	51	50	49	49	49	49
Enlargement	51	54	65	70	64	63	60	59	58	57
% Change	0.0%	0.0%	21.5%	33.8%	25.8%	24.6%	21.6%	20.3%	19.4%	17.8%
<b>Cheese Consumption</b>										
Agenda 2000	39	40	41	42	43	44	45	47	48	49
Enlargement	39	40	39	40	41	42	44	45	46	48
% Change	0.0%	0.0%	-5.1%	-4.6%	-4.2%	-3.9%	-3.6%	-3.6%	-3.6%	-3.3%
<b>Cheese Stocks</b>										
Agenda 2000	13	13	13	13	13	13	13	13	13	13
Enlargement	13	13	19	23	22	21	20	19	18	18
% Change	0.0%	0.0%	46.7%	74.4%	68.5%	62.2%	52.7%	46.5%	41.3%	35.8%
<b>Cheese Net Exports (Excl. EU-18)</b>										
Agenda 2000	6	8	13	10	8	6	4	3	1	-1
Enlargement	6	8	1	0	-1	-2	-3	-4	-5	-6
% Change	0.0%	0.0%	-92.0%	-101.9%	-117.3%	-136.4%	-181.0%	-266.2%	-778.6%	869.5%
<b>Cheese Net Exports to EU-18</b>										
Agenda 2000	6	7	6	5	4	3	2	1	0	0
Enlargement	6	7	19	26	25	23	21	19	18	16
% Change	0.0%	0.0%	213.0%	431.3%	554.4%	684.7%	976.3%	1476.8%	4687.7%	-5585.3%
<b>Domestic Cheese Price</b>										
Agenda 2000	1,021.2	1,076.1	1,117.3	1,166.2	1,206.9	1,247.6	1,293.6	1,333.6	1,383.7	1,462.5
Enlargement	1,021.2	1,076.1	1,558.1	1,601.4	1,645.1	1,698.2	1,750.3	1,842.9	1,936.7	2,033.5
% Change	0.0%	0.0%	39.4%	37.3%	36.3%	36.1%	35.3%	38.2%	40.0%	39.0%



## Impacts of EU enlargement on Hungary skim milk powder

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>SMP Production</b> (Thousand Metric Tons)										
Agenda 2000	10	10	10	10	10	10	10	10	10	11
Enlargement	10	10	11	11	11	11	10	10	10	10
% Change	0.0%	0.0%	8.7%	12.5%	6.9%	4.8%	1.9%	0.9%	0.2%	-0.1%
<b>SMP Consumption</b>										
Agenda 2000	9	9	9	10	10	10	10	10	10	10
Enlargement	9	9	9	9	9	10	10	10	10	10
% Change	0.0%	0.0%	-2.1%	-1.9%	-1.7%	-1.4%	-1.0%	-1.0%	-1.0%	-0.9%
<b>SMP Stocks</b>										
Agenda 2000	0	0	0	0	0	0	0	0	0	0
Enlargement	0	0	0	1	1	0	0	0	0	0
% Change	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>SMP Net Exports (Excl. EU-18)</b>										
Agenda 2000	0	1	1	1	0	0	1	1	1	0
Enlargement	0	1	0	0	0	0	0	0	0	0
% Change	0.0%	0.0%	-39.2%	-46.8%	-52.6%	-48.8%	-41.5%	-39.4%	-42.4%	-49.6%
<b>SMP Net Exports to EU-18</b>										
Agenda 2000	0	0	0	0	0	0	0	0	0	0
Enlargement	0	0	1	1	1	1	1	0	0	0
% Change	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Domestic SMP</b> (Florint/kg)										
Agenda 2000	420.4	455.0	476.8	502.5	523.2	557.6	611.2	650.6	686.2	725.5
Enlargement	420.4	455.0	681.7	701.2	714.8	733.6	749.6	795.6	839.7	884.0
% Change	0.0%	0.0%	43.0%	39.5%	36.6%	31.6%	22.6%	22.3%	22.4%	21.8%

**Impacts of EU enlargement on Poland milk**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Milk Production	(Thousand MT)									
Agenda 2000	12,446	12,612	12,911	13,125	13,316	13,509	13,679	13,877	14,065	14,277
Enlargement	12,446	12,612	12,789	13,404	13,130	13,101	13,097	13,086	13,100	13,103
% Change	0.0%	0.0%	-0.9%	2.1%	-1.4%	-3.0%	-4.3%	-5.7%	-6.9%	-8.2%
Milk Deliveries										
Agenda 2000	11,813	11,984	12,281	12,490	12,678	12,870	13,038	13,236	13,424	13,636
Enlargement	11,813	11,984	12,161	12,829	12,533	12,512	12,510	12,501	12,520	12,527
% Change	0.0%	0.0%	-1.0%	2.7%	-1.1%	-2.8%	-4.0%	-5.6%	-6.7%	-8.1%
Fluid Milk Cons.	(Thousand MT)									
Agenda 2000	5,347	5,375	5,397	5,416	5,434	5,448	5,453	5,463	5,473	5,477
Enlargement	5,347	5,375	3,892	3,944	4,012	4,045	4,077	3,999	3,930	3,868
% Change	0.00%	0.00%	-27.88%	-27.18%	-26.17%	-25.76%	-25.23%	-26.79%	-28.2%	-29.4%
Domestic Milk Price	(Zlotys/kg)									
Agenda 2000	0.73	0.78	0.85	0.92	0.99	1.07	1.15	1.23	1.32	1.42
Enlargement	0.73	0.78	1.77	1.86	1.94	2.05	2.15	2.33	2.51	2.70
% Change	0.0%	0.0%	108.3%	102.9%	96.5%	92.0%	86.4%	88.6%	90.1%	90.1%

## Impacts of EU enlargement on Poland butter

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Butter Production	(Thousand MT)									
Agenda 2000	181	182	184	186	187	188	189	190	190	192
Enlargement	181	182	208	216	208	205	202	201	200	201
% Change	0.0%	0.0%	12.8%	16.5%	11.6%	9.3%	7.1%	6.0%	5.2%	4.3%
Butter Consumption										
Agenda 2000	180	181	182	183	184	185	186	188	189	191
Enlargement	180	181	163	165	168	170	171	171	172	172
% Change	0.0%	0.0%	-10.3%	-10.0%	-8.9%	-8.4%	-8.0%	-8.7%	-9.3%	-9.8%
Butter Stocks										
Agenda 2000	13	13	13	13	13	13	13	13	13	13
Enlargement	13	13	28	36	35	32	30	29	28	28
% Change	0.0%	0.0%	120.2%	178.9%	171.5%	155.0%	134.8%	124.5%	117.6%	114.1%
Butter Net Exports (Excl. EU-18)										
Agenda 2000	1	1	2	3	3	3	2	2	1	1
Enlargement	1	1	0	0	0	0	0	0	0	0
% Change	0.0%	0.0%	-109.9%	-109.3%	-105.7%	-104.2%	-104.0%	-110.0%	-132.6%	-131.4%
Butter Net Exports to EU-18										
Agenda 2000	-1	-1	1	1	2	2	1	1	0	0
Enlargement	-1	-1	29	44	42	38	33	31	29	29
% Change	0.0%	0.0%	2797.5%	2973.0%	2584.9%	2322.7%	2769.1%	4131.3%	NA	NA
Domestic Butter Price	(Zlotys/kg)									
Agenda 2000	10.6	11.4	12.2	13.1	14.2	15.2	16.0	16.9	17.8	18.6
Enlargement	10.6	11.4	21.8	22.8	23.3	24.2	25.0	26.9	28.9	30.9
% Change	0.0%	0.0%	77.7%	74.1%	63.9%	59.1%	55.7%	59.6%	62.7%	66.5%

**Impacts of EU enlargement on Poland cheese**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Cheese Production</b> (Thousand MT)										
Agenda 2000	188	189	195	198	200	201	202	204	205	207
Enlargement	188	189	335	369	344	336	329	331	333	333
% Change	0.0%	0.0%	71.7%	86.9%	72.5%	67.2%	63.2%	62.5%	62.7%	61.0%
<b>Cheese Consumption</b>										
Agenda 2000	165	167	170	172	175	178	181	184	187	190
Enlargement	165	167	160	163	166	169	171	174	176	178
% Change	0.0%	0.0%	-5.7%	-5.5%	-5.3%	-5.3%	-5.3%	-5.7%	-6.0%	-6.1%
<b>Cheese Stocks</b>										
Agenda 2000	17	17	18	18	18	19	19	19	19	19
Enlargement	17	17	68	96	96	93	88	87	86	85
% Change	0.0%	0.0%	285.2%	431.8%	422.0%	394.9%	365.7%	351.0%	344.1%	338.7%
<b>Cheese Net Exports (Excl. EU-18)</b>										
Agenda 2000	15	15	25	25	24	23	20	19	18	17
Enlargement	15	15	7	7	6	6	6	6	6	5
% Change	0.0%	0.0%	-73.3%	-73.6%	-72.9%	-72.0%	-69.1%	-69.2%	-68.2%	-68.3%
<b>Cheese Net Exports to EU-18</b>										
Agenda 2000	8	6	10	10	9	8	5	4	3	3
Enlargement	8	6	118	172	172	165	156	153	152	151
% Change	0.0%	0.0%	1101.0%	1690.9%	1853.1%	2045.1%	2740.6%	3341.1%	5016.5%	5814.2%
<b>Domestic Cheese Price</b> (Zlotys/kg)										
Agenda 2000	15.9	17.0	18.2	19.5	20.7	21.9	23.3	24.7	26.2	28.4
Enlargement	15.9	17.0	28.6	30.2	31.8	33.7	35.6	38.5	41.5	44.7
% Change	0.0%	0.0%	57.5%	55.1%	54.0%	53.8%	52.8%	56.1%	58.1%	57.1%

## Impacts of EU enlargement on Poland skim milk powder

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>SMP Production</b> (Thousand Metric Tons)										
Agenda 2000	122	125	131	135	138	141	145	148	151	155
Enlargement	122	125	158	169	160	157	154	154	154	156
% Change	0.0%	0.0%	20.8%	25.5%	16.1%	11.1%	6.4%	3.9%	2.2%	0.5%
<b>SMP Consumption</b>										
Agenda 2000	27	28	28	29	29	30	30	31	31	32
Enlargement	27	28	26	27	28	28	29	30	30	31
% Change	0.0%	0.0%	-7.7%	-6.8%	-6.0%	-5.0%	-3.2%	-2.9%	-2.7%	-2.4%
<b>SMP Stocks</b>										
Agenda 2000	15	15	15	15	15	15	15	14	14	14
Enlargement	15	15	32	41	40	38	35	33	32	32
% Change	0.0%	0.0%	116.1%	175.8%	169.8%	156.2%	137.7%	128.5%	123.4%	122.3%
<b>SMP Net Exports (Excl. EU-18)</b>										
Agenda 2000	69	68	103	106	108	112	115	118	120	123
Enlargement	69	68	51	53	54	56	60	61	61	62
% Change	0.0%	0.0%	-50.4%	-50.4%	-50.0%	-49.7%	-48.3%	-48.7%	-49.0%	-49.8%
<b>SMP Net Exports to EU-18</b>										
Agenda 2000	26	29	34	37	39	41	44	46	48	51
Enlargement	26	29	64	81	79	75	69	66	64	63
% Change	0.0%	0.0%	88.5%	120.5%	105.0%	81.8%	56.5%	41.6%	32.7%	23.7%
<b>Domestic SMP Price</b> (Zlotys/kg)										
Agenda 2000	7.1	7.6	8.4	9.3	10.2	11.4	13.1	14.6	16.0	17.5
Enlargement	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A

**Impacts of EU enlargement on world cheese markets**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
EU Net Exports (Thousand MT)										
Agenda 2000	309	312	314	317	324	331	341	340	342	350
Enlargement	309	312	350	365	378	389	402	405	406	407
% Change	0.0%	0.0%	11.6%	15.4%	16.8%	17.6%	18.1%	19.1%	18.6%	16.1%
New Zealand Net Exports										
Agenda 2000	244	252	260	271	281	290	298	307	318	343
Enlargement	244	252	261	269	279	289	298	308	320	344
% Change	0.0%	0.0%	0.2%	-0.5%	-0.5%	-0.1%	0.2%	0.5%	0.5%	0.1%
Australia Net Exports										
Agenda 2000	138	141	145	150	155	158	158	160	164	171
Enlargement	138	141	144	148	152	157	159	161	165	172
% Change	0.0%	0.0%	-0.5%	-1.5%	-1.5%	-0.6%	0.2%	0.8%	1.1%	0.7%
Argentina Net Exports										
Agenda 2000	31	33	35	39	40	40	41	41	41	44
Enlargement	31	33	38	38	39	39	41	42	42	46
% Change	0.0%	0.0%	7.9%	-0.9%	-2.9%	-3.4%	-2.0%	0.2%	1.3%	3.8%
Russia Net Imports										
Agenda 2000	261	270	277	286	291	288	285	276	271	289
Enlargement	261	270	274	281	287	290	298	299	298	311
% Change	0.0%	0.0%	-1.0%	-1.9%	-1.4%	0.6%	4.4%	8.2%	10.0%	7.7%
Japan Net Imports										
Agenda 2000	204	214	226	238	251	265	279	294	309	324
Enlargement	204	214	225	238	252	265	279	293	309	324
% Change	0.0%	0.0%	-0.2%	0.0%	0.2%	0.2%	0.1%	0.0%	-0.1%	0.0%
U.S. Net Imports										
Agenda 2000	117	117	118	118	118	118	119	119	119	119
Enlargement	117	117	118	118	118	118	119	119	119	119
% Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World New Imports										
Agenda 2000	126	126	124	120	118	119	120	121	118	122
Change	0.00	0.00	-2.58	1.20	3.09	2.92	1.22	-1.14	-2.51	-0.77
% Change	0.0%	0.0%	-2.1%	1.0%	2.6%	2.5%	1.0%	-0.9%	-2.1%	-0.6%

## Impacts of EU enlargement on world butter markets

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
EU Net Exports	(Thousand MT)									
Agenda 2000	137	145	149	151	144	132	115	107	105	105
Enlargement	137	145	152	158	154	144	127	119	117	116
% Change	0.0%	0.0%	2.4%	4.7%	6.5%	8.7%	10.6%	11.4%	11.4%	10.5%
New Zealand Net Exports										
Agenda 2000	330	334	336	338	342	347	353	357	360	365
Enlargement	330	334	338	340	343	346	352	356	359	364
% Change	0.0%	0.0%	0.6%	0.5%	0.3%	-0.1%	-0.2%	-0.2%	-0.2%	-0.2%
Australia Net Exports										
Agenda 2000	105	108	111	114	118	122	127	131	134	142
Enlargement	105	108	113	115	118	122	126	130	134	142
% Change	0.0%	0.0%	1.3%	0.8%	0.5%	-0.1%	-0.3%	-0.3%	-0.3%	-0.4%
Argentina Net Exports										
Agenda 2000	8	9	9	10	10	11	13	13	13	13
Enlargement	8	9	10	10	11	11	13	13	13	13
% Change	0.0%	0.0%	8.5%	6.2%	3.6%	-1.5%	-2.3%	-2.6%	-2.7%	0.2%
Russia Net Imports										
Agenda 2000	201	210	215	221	226	228	225	219	213	211
Enlargement	201	210	215	220	226	229	228	224	218	215
% Change	0.0%	0.0%	-0.2%	-0.3%	-0.1%	0.3%	1.1%	2.0%	2.3%	1.9%
Ukraine Net Exports										
Agenda 2000	51	52	52	53	54	54	54	54	53	52
Enlargement	51	52	53	53	53	54	53	53	52	51
% Change	0.0%	0.0%	0.4%	0.0%	-0.4%	-0.7%	-1.1%	-1.3%	-1.5%	-1.6%
U.S. Net Exports										
Agenda 2000	-4	-5	-2	0	1	3	5	6	7	14
Enlargement	-4	-5	-2	0	1	3	5	6	7	14
% Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World Net Imports										
Agenda 2000	363	365	363	360	351	345	345	349	355	367
Enlargement	363	365	363	363	355	349	348	351	356	369
% Change	0.0%	0.0%	0.1%	0.8%	1.3%	1.1%	0.8%	0.5%	0.4%	0.6%

## Impacts of EU enlargement on world SMP markets

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
EU Net Exports	(Thousand MT)									
Agenda 2000	194	194	194	194	194	177	135	116	108	103
Enlargement	194	194	237	239	240	237	196	178	169	165
% Change	0.0%	0.0%	22.0%	23.2%	23.8%	33.8%	45.4%	53.5%	57.3%	60.8%
New Zealand Net Exports										
Agenda 2000	236	247	255	264	273	286	301	313	321	332
Enlargement	236	247	259	267	276	286	300	311	320	331
% Change	0.0%	0.0%	1.3%	1.2%	0.8%	-0.1%	-0.4%	-0.5%	-0.6%	-0.4%
Australia Net Exports										
Agenda 2000	206	215	224	233	242	253	267	278	288	306
Enlargement	206	215	227	235	244	253	266	277	287	304
% Change	0.0%	0.0%	1.5%	1.1%	0.8%	-0.1%	-0.3%	-0.4%	-0.4%	-0.4%
Mexico Net Imports										
Agenda 2000	130	131	135	138	143	146	148	151	156	161
Enlargement	130	131	133	137	142	146	148	152	156	162
% Change	0.0%	0.0%	-1.4%	-0.8%	-0.4%	0.4%	0.5%	0.4%	0.4%	0.5%
Brazil Net Imports										
Agenda 2000	43	42	43	45	47	48	46	48	53	59
Enlargement	43	42	41	43	45	48	47	49	54	59
% Change	0.0%	0.0%	-6.0%	-5.2%	-3.8%	0.1%	1.1%	1.6%	1.7%	0.0%
U.S. Net Exports										
Agenda 2000	88	69	68	68	68	67	67	67	67	56
Enlargement	88	69	68	68	68	67	67	67	67	56
% Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World Net Imports										
Agenda 2000	72	68	69	70	70	68	61	55	50	49
Enlargement	72	68	66	66	67	68	61	56	51	50
% Change	0.0%	0.0%	-4.8%	-4.8%	-3.9%	-0.5%	1.2%	1.9%	2.4%	3.0%



## Impacts of EU enlargement on world WMP markets

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
EU Net Exports	(Thousand MT)									
Agenda 2000	442	441	438	436	438	441	449	447	444	441
Enlargement	442	441	447	447	449	451	458	455	452	447
% Change	0.0%	0.0%	1.9%	2.5%	2.5%	2.1%	1.9%	1.8%	1.6%	1.4%
New Zealand Net Exports										
Agenda 2000	366	369	374	381	387	394	401	409	418	433
Change	0.00	0.00	-1.13	-1.71	-1.56	-1.33	-1.12	-0.98	-0.93	-1.47
% Change	0.0%	0.0%	-0.3%	-0.4%	-0.4%	-0.3%	-0.3%	-0.2%	-0.2%	-0.3%
Australia Net Exports										
Agenda 2000	122	129	134	139	144	149	154	161	167	176
Enlargement	122	129	134	139	144	149	154	160	166	175
% Change	0.0%	0.0%	-0.4%	-0.2%	-0.2%	-0.3%	-0.4%	-0.5%	-0.5%	-0.5%
Argentina Net Exports										
Agenda 2000	99	102	105	107	109	111	112	115	117	119
Enlargement	99	102	104	106	108	110	112	114	117	119
% Change	0.0%	0.0%	-0.8%	-0.9%	-1.0%	-0.8%	-0.8%	-0.7%	-0.6%	0.0%
Brazil Net Imports										
Agenda 2000	95	97	101	103	107	112	118	119	121	127
Enlargement	95	97	103	106	110	114	120	121	123	127
% Change	0.0%	0.0%	2.5%	2.6%	2.4%	1.8%	1.7%	1.6%	1.3%	0.0%



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## Endnotes

<sup>1</sup> For some commodities in some countries, import and export demands are specified separately.

<sup>2</sup> Leetma et al. employ a similar assumption in their enlargement analysis.