SITUATION AND PROSPECTS FOR EU AGRICULTURE AND RURAL AREAS

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For more information:

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L.2. Economic analysis of EU agriculture

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List of acronyms and abbreviations

AWU	Annual working units
CAP	Common Agricultural Policy
Comext	Intra- and Extra- European Trade
cwe	Carcass weight equivalent
DG AGRI	Directorate-General for Agriculture and Rural Development
EC	European Community on before January 1st, 1995
ESU	European Size Unit
EU	European Union
EU-27	European Union after the enlargement on January, 1st 2007
EU-25	European Union after the enlargement on May, 1st 2004
EU-10	Member States that joined the European Union on May, 1st 2004
EU-2	Bulgaria and Romania
EU-12	All Member States that have joined the EU since May, 1st 2004
EU-15	Member States of the European Union before May, 1st 2004
Eurostat	Statistical Office of the European Communities
FAPRI	Food and Agricultural Policy Research Institute
GDP	Gross Domestic Product
GMO	Genetically Modified Organism
GVA	Gross Value Added
ha	Hectare
IR	Intermediate region
kg	Kilogram
mio	Million
NUTS	Nomenclature of Territorial Units for Statistics
OECD	Organisation for Economic Co-operation and Development
PR	Predominantly rural region
PU	Predominantly urban region
SME	Small and medium sized enterprises
SMP	Skimmed Milk Powder
t	Metric tonne
US	United States of America
USD	US Dollar
WTO	World Trade Organisation

1. OVERVIEW OF THE COMMON AGRICULTURAL POLICY

The CAP has undergone fundamental reforms over time to respond to changing economic conditions as well as societal expectations and demands. Drivers and challenges of today are not only related to CAP *per se*, but also extend to the wider institutional and economic setting within which the policy evolves.

The challenges that the CAP faces today are wider than in the past, and include:

- Increased globalisation with greater integration of national economies into the international economy and thus greater inter-dependencies and more competitive pressure on agriculture. The impact of the economic crisis on agriculture is a notable example.

- Increasing environmental pressures over agriculture and rural areas, among which climate change, water availability and quality, and the need to halt biodiversity loss are the most important ones.

- Increased price volatility, within which the global emergence of the biofuel sector and the impact of climate change have been identified as the main factors contributing to greater market volatility.

- Food security issues. A growing world population and changed consumption patterns put a strain on global resources to supply adequate amounts of food. Recent developments have highlighted the concerns related to food security, particularly because of its links to climate change (because of its impacts on supply variation, and thereby the availability to food).

1.1. Historical development of the Common Agricultural Policy (CAP)

The CAP has its roots in 1950s Western Europe, whose societies had been damaged by years of war, and where agriculture had been crippled and food supplies could not be guaranteed. The CAP aimed at encouraging better productivity in the food chain, ensuring fair standard of living to the agricultural community, market stabilisation and ensuring the availability of food supplies to EU consumers at reasonable price. Incentives to produce were provided through a system of high support prices to farmers, combined with border protection and export support. Financial assistance was also granted for the restructuring of farming, for example by aiding farm investment, aiming to ensure that farms developed in size and in management and technology skills so that they were adapted to the economic and social climate of the day.

Although the CAP was very successful in meeting its objective of moving the EU towards self-sufficiency, by the 1980s the EU had to contend with almost permanent surpluses of the major farm commodities, some of which were exported (with the help of subsidies), others of which had to be stored or disposed of within the EU. These measures had a high budgetary cost, distorted some world markets, did not always serve the best interests of farmers and became unpopular with consumers and taxpayers. At the same time society became increasingly concerned about the environmental sustainability of agriculture.

This led to a fundamental reform process of the CAP which started in 1992 and was later deepened and extended in 1999 with Agenda 2000, which started the shift from product

support (through prices) to producer support (through income support). In substance this reform process was the starting point of the reduction in support prices, the introduction of direct payments for a few key agricultural sectors and supply-management tools) and introduced a new rural development policy as a second pillar of the CAP. The latter encouraged many rural initiatives while also helping farmers to diversify, to improve their product marketing and to otherwise restructure their businesses.

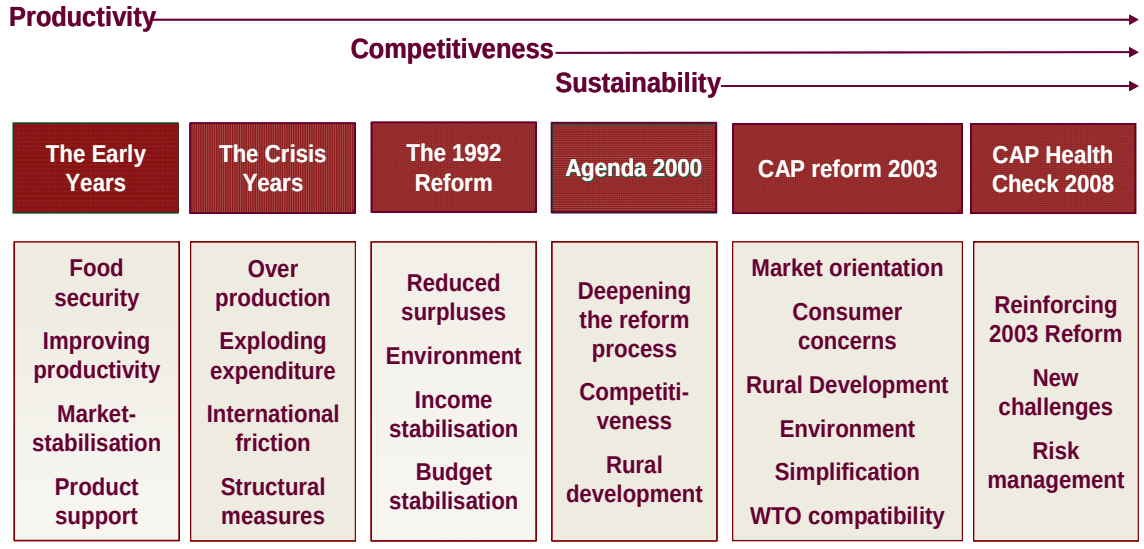
Agenda 2000 explicitly established economic, social, and environmental goals within a new reformulated set of objectives for the CAP consistent with the requirements of the Amsterdam Treaty. This had the aim of giving concrete form to a European Model of Agriculture and preserving the diversity of farming systems spread throughout Europe, including regions with specific problems, in the years ahead. These objectives involved more market orientation and increased competitiveness, food safety and quality, stabilisation of agricultural incomes, integration of environmental concerns into agricultural policy, developing the vitality of rural areas, simplification and strengthened decentralisation.

The regular and consistent adjustment of the CAP to pressures from European society and its evolving economy was again illustrated by the new set of reforms initiated in 2003 and continued in 2008 with the Health Check, which aimed at enhancing the competitiveness of the farm sector, promoting a market-oriented, sustainable agriculture and strengthening rural development policy (both funds and policy instruments).

Income support has now become almost fully decoupled from production activity, thus allowing EU farmers to make their economic decisions on the basis of market signals. On the other side, income support is linked to the respect of standards on environment, food safety and quality and animal welfare that society requests and that EU Member States have implemented through cross-compliance.

The rural development policy for the 2007-2013 period focuses on three core objectives, namely the improvement of the competitiveness of the farming and forestry sectors, the improvement of the environment and the countryside through support for land management, and the improvement of the quality of life in rural areas and the promotion of diversification of economic activities.

Figure 1 – Historical development of the CAP



1.2. Effectiveness and efficiency of policy instruments

This most recent wave of policy reform has considerably improved the performance of the EU's agricultural policy. It provided better value for money by supporting and targeting more accurately what taxpayers, citizens and consumers, in their three overlapping and often contrasting functions have demanded:

– More market orientation, and thus increased competitiveness;

– Direct support to producers to deliver the positive externalities of agriculture, whether in environment, food safety and quality and animal welfare, that market mechanisms do not compensate for;

– More incentives to improve standards and promote sustainability in our rural areas.

The fundamental shift in emphasis from price support to income support, and from product to producer support (together with a broader range of rural development policy instruments) has allowed market forces to play a greater role in guiding the allocation of resources, resulting in lower market and trade distortions.

The implementation of the single payment scheme has constituted a major improvement in terms of the degree of decoupling. OECD research[1] has shown that such measures have considerably smaller potential production impacts than the price support measures or area payments they have replaced. This has significantly improved the effectiveness and efficiency of the CAP in providing income support.

1.3. Level and composition of budgetary support

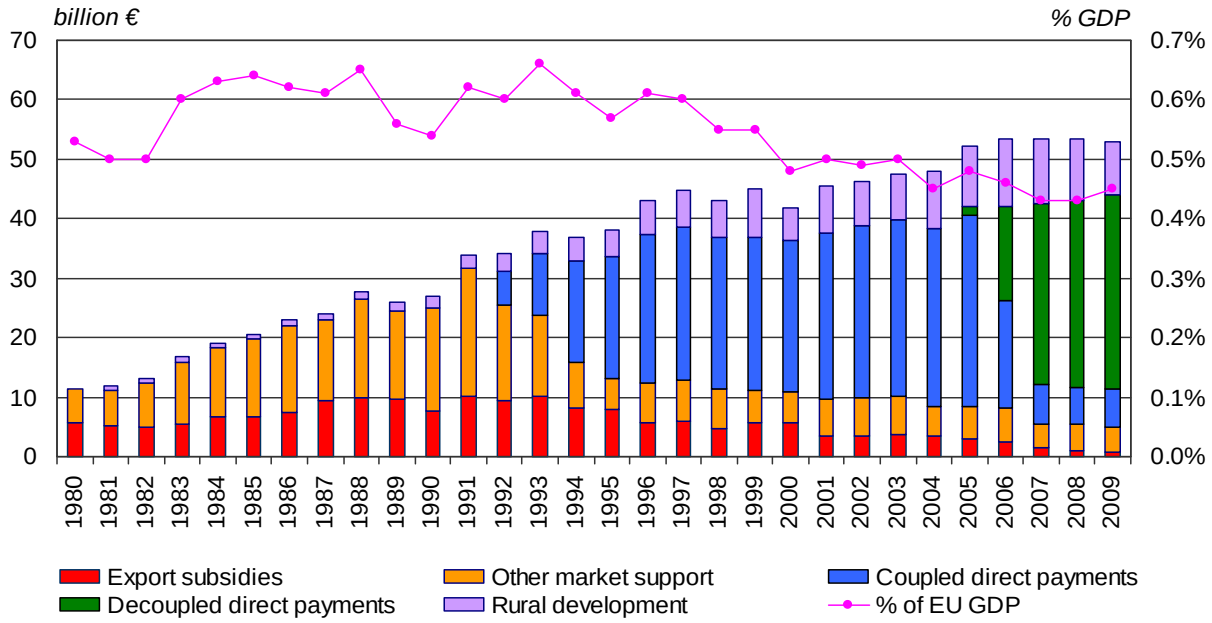
These changes in the policy mix together with the introduction of the mechanisms of modulation and financial discipline (in order to keep the agricultural expenditure under the financial ceilings set in the financial perspectives for 2007-2013) as part of the latest CAP reform have significantly changed the level and composition of the financial support to the agricultural sector and rural areas. They have also made the CAP expenditure more stable and predictable.

Most of the CAP budget is now spent on decoupled payments and direct aids, while market and export support (that used to constitute the bulk of the CAP expenditure) captures only 9% of the CAP budget in the period 2007-2009. Support under rural development has also been steadily increasing, representing in 2007-2009 19% of the total CAP budget.

Whereas the CAP used to represent a very significant proportion of EU budget expenditure in its early years of existence, its share of total EU budget has dramatically fallen in line with the growth of EU activities in other policy areas, stricter budgetary discipline and a series of reforms.

[1] OECD (2006), Decoupling: policy implications, Paris

Graph 1 The path of CAP expenditure (1980 – 2009, billion current €)



Source: European Commission, DG AGRI

The CAP absorbs around 41% of the EU budget (as compared to over 60% in 1989). Whereas 0.5% of the EU GDP was spent in the beginning of the 2000s on supporting EU farmers and rural areas, that figure stands at 0.45% in 2009 and is expected to fall further by 2013.

2. SITUATION FOR EU AGRICULTURE AND RURAL AREAS

2.1. Role of agriculture in the economy and in the environment

2.1.1. Role of agriculture and food industry in the economy

The combined agricultural and food sector accounts for 17 mio jobs (7.6% of total employment) and for 3.5% of total gross value added (GVA) in the EU-27 in 2009 (most of the food sector activity depends upon the production of the primary sector, e.g. dairy industry).[2]

There are, however, significant variations across Member States. The agri-food sector is relatively more important in the EU-12, in particular for employment in the primary sector in rural areas.

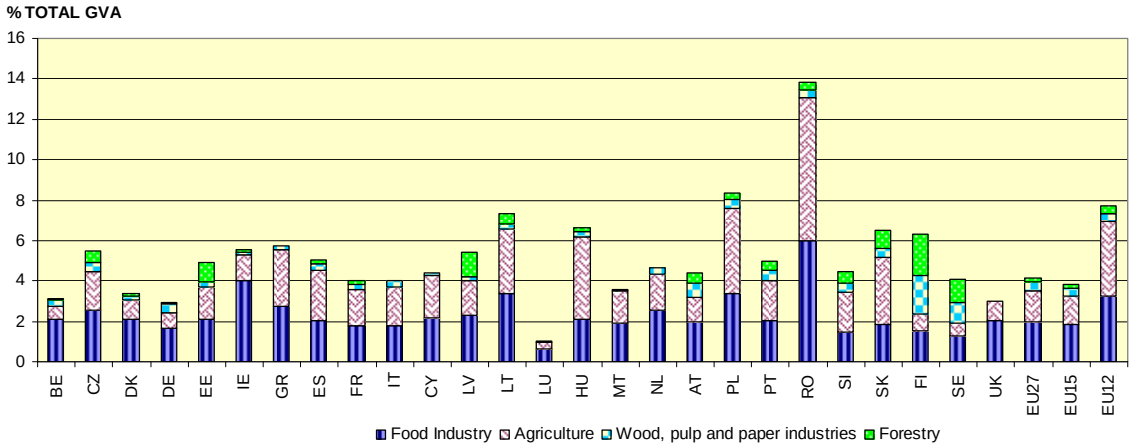
[2] Due to the restricted availability of regional statistical data for the agricultural sector, the agri-food sector is defined as the combination of the primary sector (branch A: agriculture, hunting and forestry) and the food industry (branch DA: Manufacture of food products; beverages and tobacco).

Agriculture and the primary sector

With 12.2 mio persons employed in 2009 in the EU-27, the primary sector (agriculture, hunting and forestry) represents 5.5% of the total employment for the EU-27, ranging from 1% in the United Kingdom to around 28% in Romania, 20% in Bulgaria and 13% in Poland. [3]

In terms of value-added, the EU-27 primary sector reached €168 billion in 2009 and accounted for 1.6% of the total GVA, ranging from less than 0.5% in Luxemburg to around 8% in Bulgaria and 7% in Romania.

Graph 2 Contribution of the agri-food and forest sectors to the economy: share in total gross value added, 2008 (*)



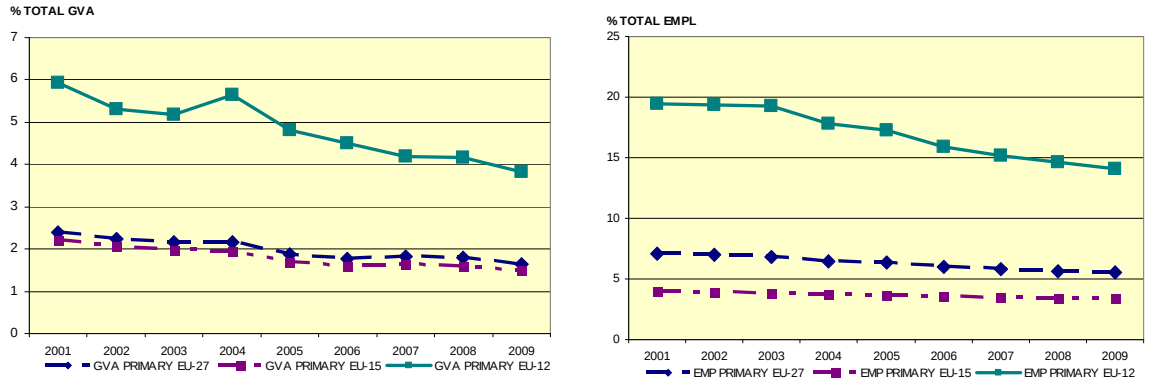
Source: EUROSTAT, Economic Accounts

(*) - No data available for BG
- The data of IE and ES refer to 2006; AT refer to 2007; UK and PL refer to 2005
-The data of wood, pulp and paper industries and forestry in UK are not available.

The importance of the primary sector in the economy of the EU-27 is declining, supported by the significant productivity gains of labour and capital and the sharp decline in relative prices. Between 2000 and 2009, its share in the overall economy diminished by 1.4 percentage points in terms of employment and by 0.7 percentage points in terms of value-added. In the period 2000-2009, the number of jobs decreased by 2.8 mio (or -2.3% per year), the highest decreasing rates taking place in Lithuania, Poland and Romania (-7% for Lithuania, -6% for Poland and Romania per year). The value added decreased by €20 billion between 2000 and 2009. The relative volume increase during the period 2000-2009 was of +0. 7% per year, ranging from -4.6% in Denmark to +12% in Slovakia.

[3] In the Economic Accounts, the classification of persons by branch is on the basis of their main activity. The data presented therefore cover only persons working mainly in the primary sector, and not all the persons that are directly involved in agriculture or forestry, which are much more numerous.

Graph 3 Importance of the primary sector in the total GVA and employment 2001-2009.



Source: Eurostat, Economic Accounts

Furthermore, the primary sector still plays a major role in some regions. For example, in 2007 its contribution to the total GVA was higher than 25% in Kardzhaly and Silistra in Bulgaria and at around 20% in Ileia and Pella in Greece.[4] Likewise, its share of employment stood above 50% in the regions Ialomita, Vaslui, Calarasi and Teleorman in Romania and the regions of Yambol and Silistra in Bulgaria.

In 2009, agriculture contributed to 1.6% of the total GVA at EU-27 level and employed 13.2 mio annual working units (AWU) in 2009. [5] The share of agriculture varies among Member States and is still particularly high in Romania (more than 7%) and in Bulgaria (8.5%).

At EU-27 level, agriculture and forestry occupy 47% and 31% of the territory, respectively. These levels differ greatly among Member States, forest being the dominant land cover in Nordic (Estonia, Finland, Sweden) and mountainous (Slovenia, Austria) Member States. At EU-27 level, the share of agricultural area in the territory is proportionally lower in rural areas (40%) than in urban areas (53%) due to the importance of forests in many rural regions. Between 1990 and 2000, urbanization has led to the loss of agricultural land especially in the major centres of population. This shift is partly offset by a conversion of forest and semi-natural land to agriculture.

At Member State level, conversion of forest and semi-natural marginal land to agriculture appears to be taking place in Spain and Greece, while there are clear patterns of land abandonment or withdrawal of farming in marginal areas elsewhere in the EU.[6] Such trends can be observed in many of the mountainous regions of the EU, and in Hungary, Slovakia, Portugal and Italy, as well as in some parts of Germany, where arable land has been transformed to forest through the process of natural regeneration.

With around 129 mio ha, the forest available for wood supply represents 72% of the total forest area for the EU-27 (this share of productive forest is much lower in Mediterranean

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4 Regions are defined here at NUTS level 3 and primary sector also covers fishing (Branches A_B of the NACE classification)

5 One annual work unit, abbreviated as AWU, corresponds to the work performed by one person who is occupied on an agricultural holding on a full-time basis. The yearly working time of such a worker is 1800 hours.

6 This is due in part to the limited area of good agricultural land and the loss of the best areas through urbanisation, and in part to the expansion of more intensive agricultural practices which include the expansion of irrigated crops in the Mediterranean region. European Environment Agency, Land Accounts for Europe 1990-2000.

Member States). Forests therefore play a major role not only for the environment but also for the economy of some Member States and rural areas.

In 2009 forestry and logging represented only 0.2% of the total GVA at EU-27 level, though the contribution of the forest sector as a whole (i.e. including wood, pulp and paper industries) can be quite important at Member State level.[7] This is the case in Finland and Sweden (3.9% and 2.1% of total GVA respectively) and to a lesser extent in Estonia, Austria, Czech Republic and Slovakia (around 1% of total GVA). At EU-27 level, the forest sector as a whole represents 0.6% of total GVA and this share decreased between 2000 and 2009 in most Member States, especially in Sweden and Finland, whereas this ratio remained stable in Czech Republic, Estonia, Latvia, Lithuania and Romania, following a shift of production and investments from Western to Central and Eastern Europe. The number of employees of the forestry sector decreased over the period 2000-2009 except in Latvia, Sweden and Finland.

Food industry

In 2009 the food industry accounted for 4.8 mio jobs (2.1% of total employment) and 1.9% of total GVA for the EU-27. It is relatively more important in the EU-12 than in the EU-15 and especially in the following Member States: Romania, Ireland, Lithuania, Greece and Bulgaria. Between 2000 and 2009 the food industry has experienced a decrease in employment and an increase in the GVA at EU-27 level.

The EU is the world's largest producer of food and beverages, with a turnover estimated at €965 billion in 2008. The food industry sector remains highly polarised and fragmented in terms of size (SMEs account for 99% of firms, 62.5% of the work force and about 45.5% of total value added). [8]

In terms of value added, the largest activity is the manufacture of bread, sugar, confectionary and other food products (36% of the total sectoral value added), followed by beverages and meat processing (17.3% and 15.3% respectively) and by dairy products (around 9%).[9]

All over Europe, some regions are highly specialised in the food industry in terms of employment, in all cases more than 5% of total employment: La Rioja and Navarra in Spain, Bretagne and Pays de la Loire in France, Dél-Alföld and Észak-Alföld in Hungary, Açores in Portugal or Wielkopolskie in Poland.

Whereas the employment *on farms* decreased significantly over the last few years, the average annual decrease in the food industry was 0.8% over the period 2000-2009. Employment in the food industry even grew in some Member States (Greece, Spain and Poland) with annual increase over 5% in several regions. [10]

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7 The forest sector excludes furniture industry.

8 CIAA Annual Report 2009.

9 For EU-27 in 2006 – Eurostat - European business – facts and figures 2009 edition

10 e.g. Sardegna (IT), Dolnoslaskie, Warmisnko-Mazurskie and Lubuskie (PL), Kent (UK), West-Vlaanderen (BE) , Brandenburg (DE)

2.1.2. Role of agriculture and forestry for the environment

As highlighted above, agriculture and forestry represent together 78% of land cover in the EU-27, ranging from 50% in Malta to 95% in Poland.[11] Agriculture and forestry therefore continue to play a major role in maintaining natural resources and cultural landscapes as a precondition for other human activities in rural areas. Different types of agricultural practices and land use have an effect on natural resources, notably biodiversity, water and soil, and climate change.

Biodiversity

The link between certain types of farming and 'natural values' is acknowledged. In some cases, agriculture supports or is associated with a high level of biodiversity. It is estimated that high nature value farmland covers more than 20% of agricultural area in most Member States (even more than 30% in some of them). [12] More generally, 16% of the EU-27 utilised agricultural area is located in mountainous areas, where agriculture contributes actively to maintaining biodiversity. [13] Appropriate methods of production, such as extensive farming, may also support biodiversity. Extensive arable crops and extensive grazing represent on average 15.8% and the 22.8% respectively of the total utilized agricultural area in the EU-27.[14]

The implementation of Natura 2000 represents a significant contribution to the preservation of the biodiversity. The designated sites cover over 10% of the agricultural area of the EU-27 and more than 15% in four Member States.[15] 21% of the total forest area belongs to Natura 2000 sites, this share being close to 50% in Bulgaria, Sweden and Finland.

However, a decline in the population of farmland birds, largely attributed to intensive farming, can be observed in many Member States, although the situation seems to have stabilised at EU level over the last decade. [16]

Water Quality

Water quality is influenced by several human activities, yet agriculture plays an important role for some of its features. Although the concentration of nitrates in surface water has decreased over the last years in most Member States, significant surpluses of nutrients (+83 kg/ha for Nitrogen and +10 kg/ha for Phosphorus at EU-15 level and higher in some Member States[17]) reveal that farming practices still remain too intensive

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11 Source: CORINE land cover 2000 database (CLC2000).

12 Source: JRC/EEA. The concept of High Nature Value Farmland is still under development. The current methodology does not seem fully satisfactory in some Member States (e.g. Finland and Slovakia) which therefore often use national definitions. Malta is not included in the calculations

13 Source: DG AGRI - MS specific communication and CAP-IDIM, 2005.

14 Source: FSS, crop production and land use, 2007. Extensive agriculture for arable crops is defined as area under production (except forage crops) when the regional yield is less than 60% of EU27 average. Extensive agriculture for grazing livestock production is considered when the density is less than 1 Livestock Unit per hectare of forage area.

15 Source: Natura 2000 spatial database (mid 2009) and Corine Land Cover 2000 (EEA)

16 Attention should be given to long-term trends as short-term variations are mainly influenced by weather conditions. Pan-European Common Bird Monitoring Scheme, The state of Europe´s common birds 2008, p. 6.

17. These figures refer to average 2002-2004. Source: OECD, Environmental indicators for agriculture, Vol.4, 2006.

in some parts of the EU. The pressure from agriculture on water use is also critical in some regions as the share of irrigated area is higher than 20% of the agricultural area in several Member States. [18]

Forests can also contribute to the protection of water: at EU-27 level, 11% of the forests and other wooded land area is managed so as to protect water and soil, this figure reaching 20% in four Member States. [19] However, this management does not cover all the EU-27.

Soil erosion

Soil erosion is increasing in Europe. As precise estimates are not available owing to the lack of comparable data, it is difficult to assess the total area of the EU affected by erosion. The EEA estimated in 1995 that 115 million ha, or 12% of Europe's total land area, were affected by water erosion and that 42 million ha were affected by wind erosion, of which 2% severely affected. [20]

It is also estimated that at present water erosion in the Mediterranean region, which is particularly prone to this phenomenon, could result in the loss of 20-40 t/ha of soil after a single cloudburst, and in extreme cases the soil loss could be over 100 t/ha.[21]

Moreover, according to PESERA model which provides the only Europe-wide estimates of water erosion that are based on a harmonised approach and standard data sets, a soil loss by running water can amount to more than 2 tons/ha/year in some Member States, especially in the Mediterranean countries.[22]

Organic Agriculture

An increasing part of agricultural area is now devoted to organic production, with an estimated 7.6 mio ha in 2008, i.e. 4.3% of EU-27 utilised agricultural area (UAA). In the period 2000-2008, the average annual rate of growth was 6.7% in the EU-15 and 20.0% in the EU-12. The area under organic agriculture is close to or higher than 9% of the total UAA in five Member States: the Czech Republic, Estonia, Latvia, Austria (15.5%) and Sweden.

In 2008, it is estimated that there were about 197 000 holdings involved in organic agriculture in the EU-27, i.e. 1.4% of all EU-27 holdings (0.6% in the EU-12 and 2.9% in the EU-15).

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18 Source: Eurostat, FSS 2007.

19 Source: Ministerial Conference on the Protection of Forests in Europe (MCPFE), 2007. The figures refer to 2005.

20 As quoted in the Commission Communication (COM(2006) 231). Source: EEA, Chapter 7: Soil in Europe's Environment: the Dobris Assessment, 1995.

21 Source: Joint Research Centre, European Commission, Project on Sustainable Agriculture and Soil Conservation (SoCo), Final Report "Addressing soil degradation in EU agriculture: relevant processes, practices and policies", 2009.

22 Joint Research Centre, PESERA project, 2004.

Consumer food demand grows at a fast pace in the largest EU markets, yet the organic sector does not represent more than 2% of total food expenses in the EU-15 in 2007. In the EU-12 organic food consumption stands at lower levels.[23]

Climate change

With 471 mio tonne of CO_2 equivalents, agriculture produced 9.6% of the EU emissions of greenhouse gases in 2008. However, with an average annual decrease of 0.7% per year between 2000 and 2008 - linked to improved production methods and diminishing cattle numbers - greenhouse gas emissions from agriculture have been decreasing at a quicker pace than in other sectors of the economy.[24] Moreover, the production of renewable resources from agriculture amounted to 12 mio tonne of oil equivalent in 2008 and the area devoted to this purpose in 2008 is estimated around 5 mio ha.[25] EU agriculture therefore contributes increasingly to the mitigation of climate change. The production of renewable resources from forestry reached 68 mio t of oil equivalent at EU-27 level in 2007 and grew at an average annual rate of 4.4% over the period 2000-2007. [26]

2.2. Structural changes

The structure of the agricultural sector shows a wide diversity across Member States/regions and sub-sectors owing to the national specificities regarding agricultural history, climatic and natural conditions and the institutional framework (notably for the land, labour and capital markets). This diversity, which is reflected in the size, farm type and socio-economic performance of agricultural holdings, has been further reinforced by the successive enlargements of the EU. Bringing together more than 8 mio farmers, the patterns and drivers of structural change in the EU-12 differ in nature and intensity from those of the EU-15.

Productivity gains largely supported by technological progress (e.g. mechanisation, development in crop and animal genetics) as well as the overall economic pressures have driven a considerable structural adjustment over the last decades. Yet, the CAP has certainly contributed to cushion this long-term process, thus allowing the maintenance of structural diversity in the agricultural sector of the EU and the slowdown of labour outflow from the farm sector.

2.2.1. Agricultural holdings and labour force

In 2007 in the EU-27 there were 13.7 million agricultural holdings (5.6 in the EU-15, more than 8 in the EU-12). The number of agricultural holdings is decreasing at an annual rate of 2.2 % both in the EU-15 and in the EU-12. Romania (3.9 million holdings), Poland (2.4 mio) and Italy (1.7 mio) are the Member States with the largest numbers of farms, with Romania representing 29% of all holdings. Similarly to the number of holdings, the agricultural labour force fell by around 2.0% per year between 1995 and 2007 in the EU-15. It now stands at 11.7 mio AWU for the EU-27, of which less than 1 mio correspond to non-regular workers.

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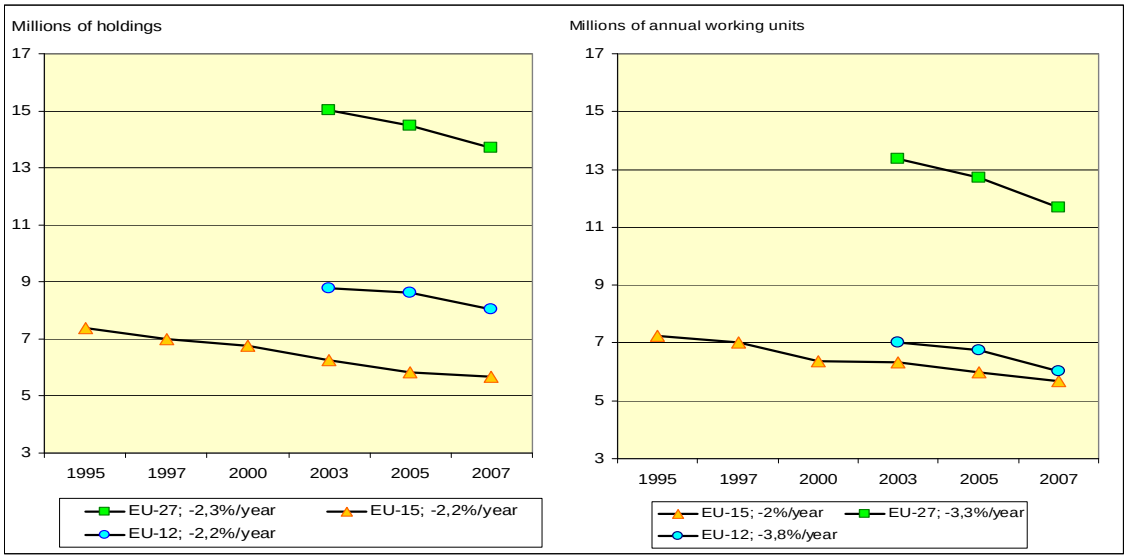
23 Source: An analysis of the EU organic sector, DG AGRI. June 2010

24 Source: Eurostat Energy Statistics.

25 Source: EurObserER, 2007 for production of renewable energy and DG AGRI, 2007 for the area devoted to renewable energy.

26 Source: Eurostat, Energy Statistics.

Graph 4 Evolution of the number of agricultural holdings and of the labour force in the EU - 1995-2007

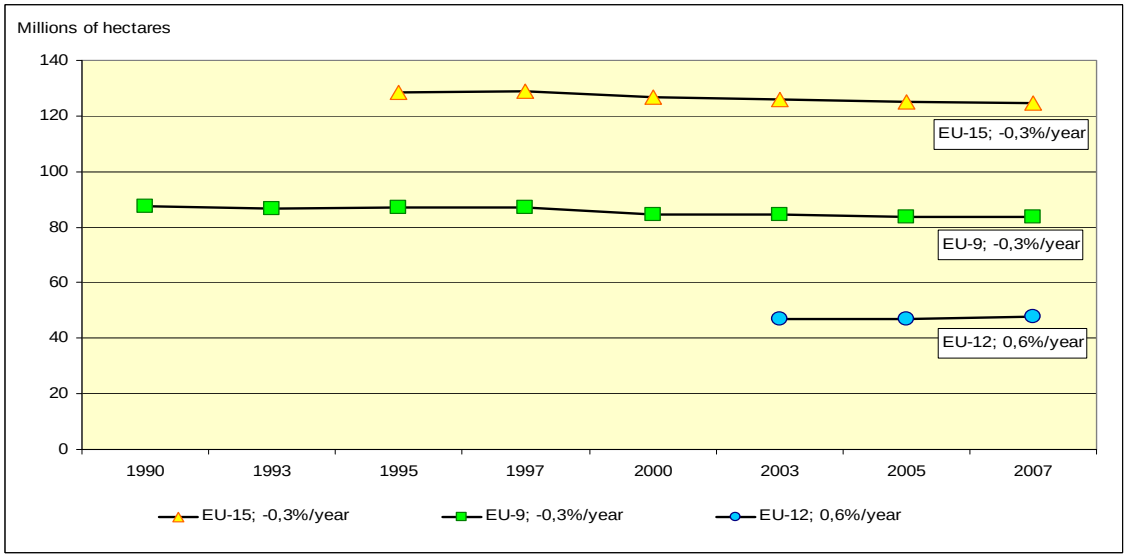


Source: Eurostat, Farm Structure Survey, 1995-2007

2.2.2. Agricultural area

By contrast, the utilised agricultural area, which amounted to 172 mio ha for the EU-27 in 2007, has declined only slightly over the last decade (-0.3% between 1995 and 2007) in the EU-15. Although the majority of EU farms are located in the EU-12, more than 70% of the utilized agricultural area is located in the EU-15.

Graph 5 Evolution of utilised agricultural area in the EU - 1990-2007



Source: Eurostat, Farm Structure Survey, 1990-2007

In terms of activities, the area devoted to arable crops and olive plantations increased over the years while permanent grassland and vineyards decreased, but changes in land use composition were globally limited. In 2007, 68% of the agricultural area of the EU-27 was used for arable crops, 25% for permanent grassland and 7% for the permanent

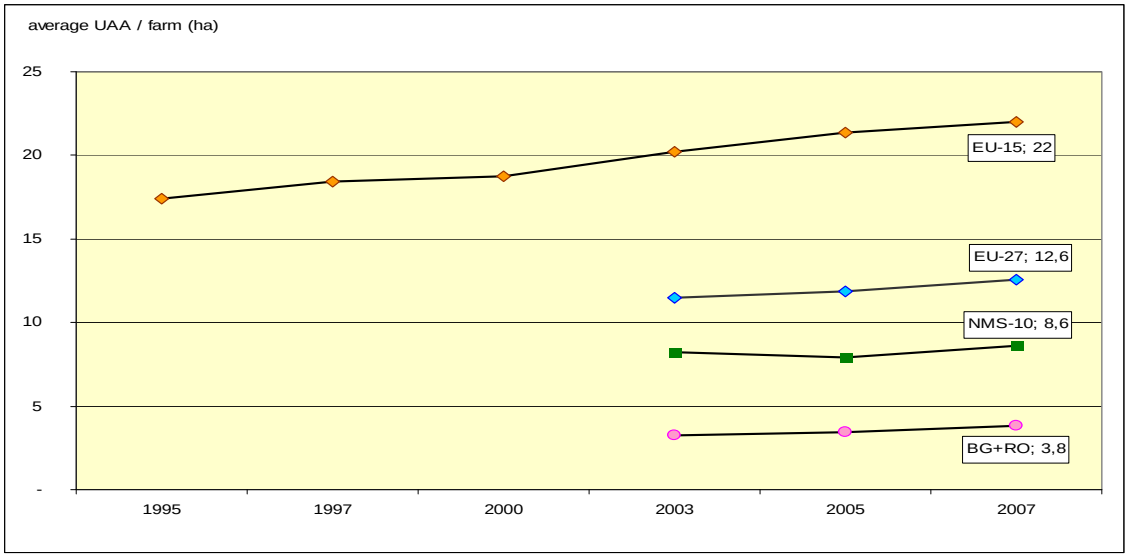
crops, the share of arable crops being significantly higher in the EU-12 than in the EU-15 (76% and 64% respectively).

The types of farming also remained rather stable over the last two decades with 61% of farms specialised in one sector. The most noticeable change was the very significant increase of farms specialised in olive production mainly to the detriment of mixed farms. The most important types are farms specialised in field crops (20%), farm specialised in permanent crops (18%) and farm specialised in grazing livestock (16%). Fewer farms are specialised in the production of granivores (5%) or in horticulture (2%).

2.2.3. Size and distribution of farms

With the restructuring of the sector, the average physical size of the farm increased from 17 ha in 1995 to 22 ha in 2007 for the EU-15. However, due to the high share of small farms in most EU-12 Member States, the average farm size only reaches 6.0 ha for the EU-12 and 12.6 ha for the EU-27.

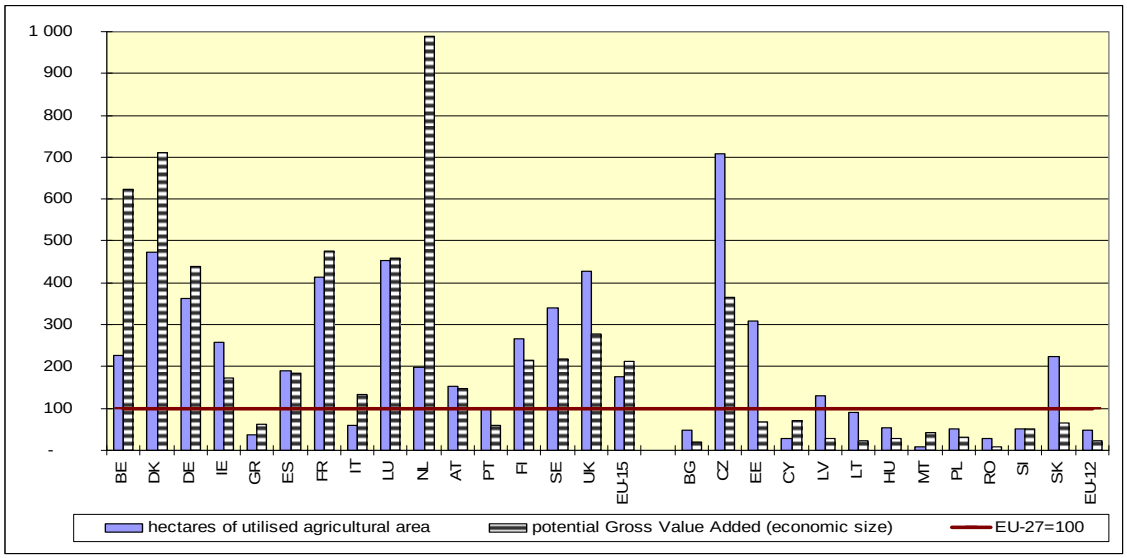
Graph 6 Development of the average physical farm size in the EU - 1995-2007



Source: Eurostat, Farm Structure Survey, 1995-2007

The average farm size varies from more than 50 ha in five Member States (Czech Republic, Denmark, Luxembourg, the United Kingdom and France) to less than 5 ha in four others (Malta, Romania, Cyprus and Greece). Differences are even larger when considering the economic size of the farms (potential gross value added), that takes into account the potential economic productivity of the area used.

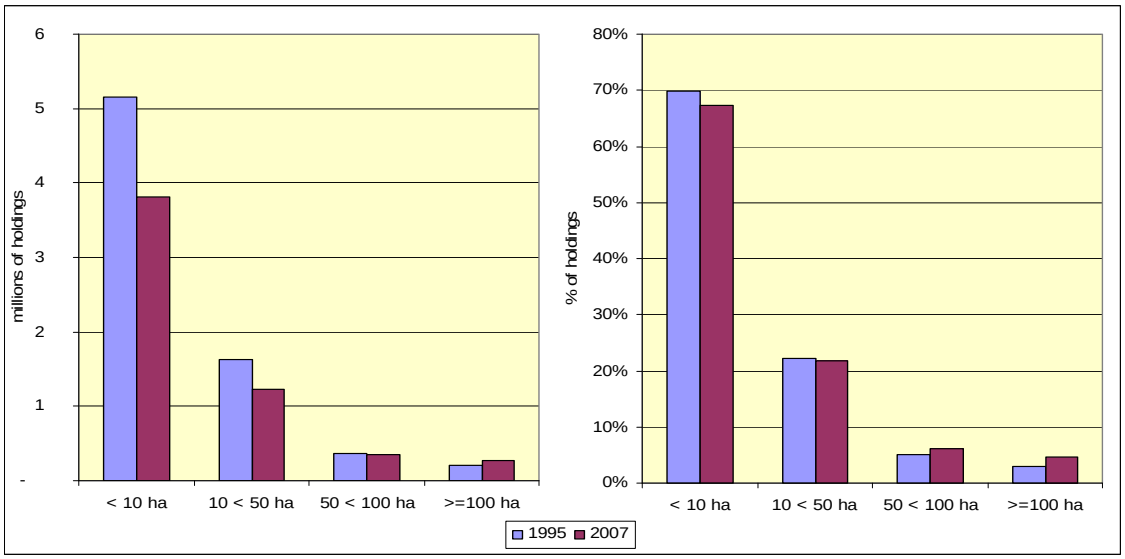
Graph 7 Average farm size in Member States measured in hectares and in Potential Gross Value Added ("economic size") - 2007 (EU-27 = 100)



Source: Eurostat, Farm Structure Survey, 2007

Despite the disappearance or the growth of small farms structural adjustment occurs at a low pace. As an example, the number of farms with less than 10 ha decreased by 1.3 mio between 1995 and 2007 in EU-15, but their share in the total of holdings only decreased from 70% to 67%.

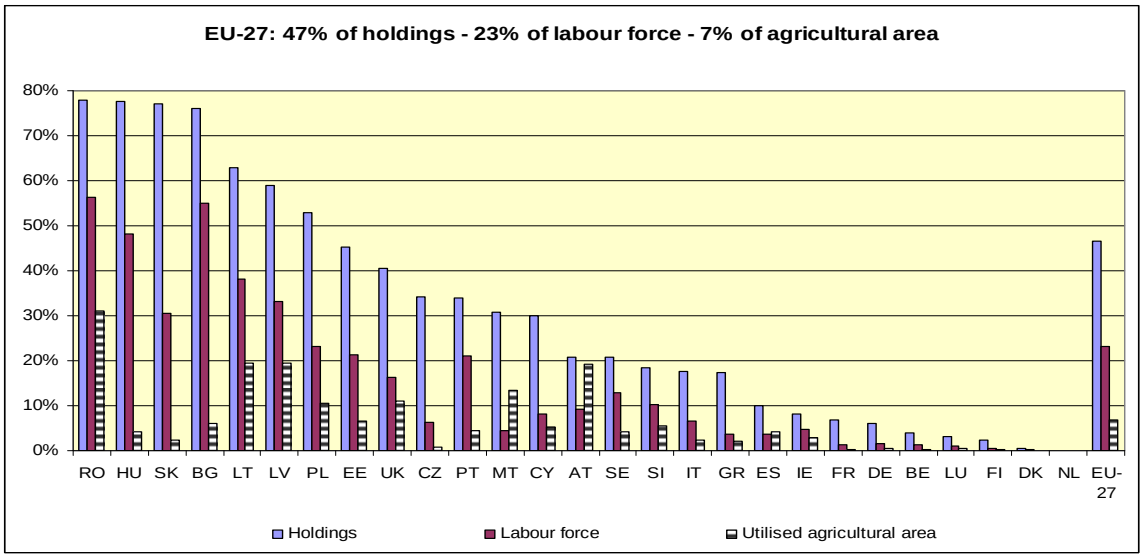
Graph 8 Distribution of holdings by size class in hectares of UAA in the EU-15 – 1995-2007



Source: Eurostat, Farm Structure Survey, 1995 and 2007

In 2007, in 17 Member States half of the holdings had less than 10 ha and there were still 6.4 mio farms in the EU with a (potential) gross value added of less than €1 200 per year, employing 23% of the total labour force but covering only 7% of the utilised agricultural area.

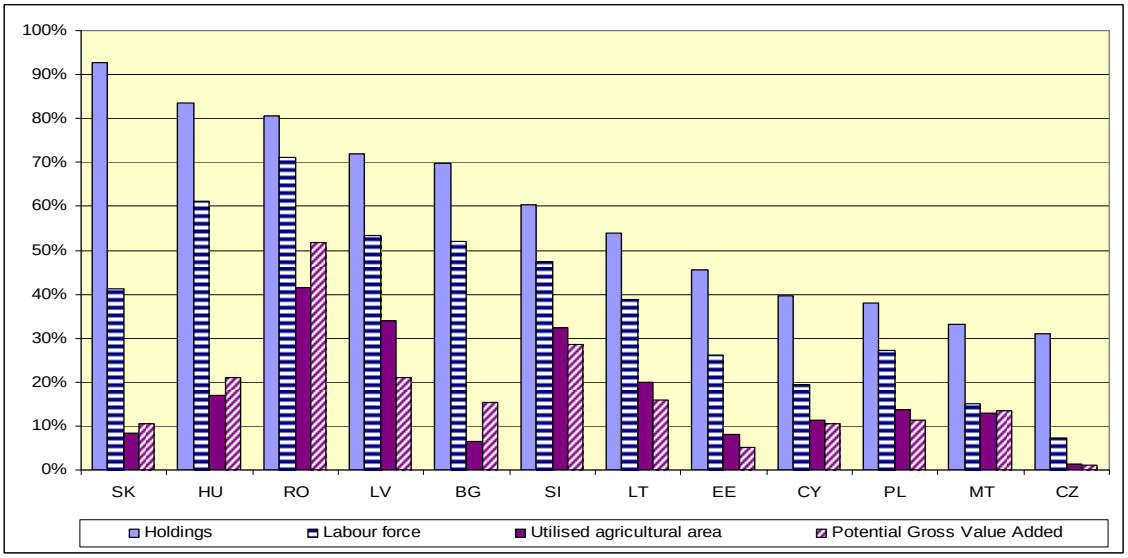
Graph 9 Importance of holdings of very small size (less than 1 Economic Size Unit = € 1 200 of potential Gross Value Added) in the EU – 2007



Source: Eurostat, Farm Structure Survey, 2007

Subsistence farms (where the farm household consumes more than half of the farm production) still exist all over the EU (45% of the EU-27 holdings) but represent a critical challenge in several EU-12 Member States: in nearly half of them they represent at least 70% of the holdings, half of the total agricultural labour force and 20% of the utilised agricultural area and of the potential Gross Value Added.

Graph 10 Importance of subsistence farms (with households consuming more than half of their production) in the EU-12 - 2007



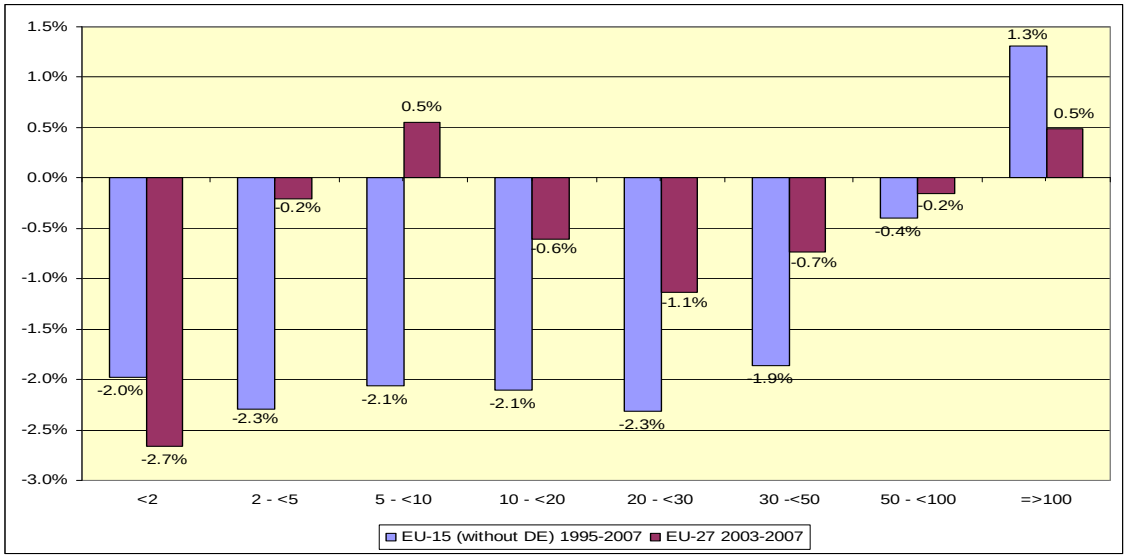
Source: Eurostat, Farm Structure Survey, 2007

2.2.4. Distribution of production factors

The distribution of production factors across farms remains very uneven: in 2007 around 77% of the agricultural area was concentrated in 11% of farms with a size of 20 ha or more. Furthermore, the structural adjustment of the area and the labour force occurs at a

very low pace as the area farmed by the largest farms (with 100 ha or more) increased only by 1.3% per year in the EU-15 between 1995 and 2007.

Graph 11 Annual rate of variation of the utilised agriculture area by category of area farm size in the EU – 1995-2007

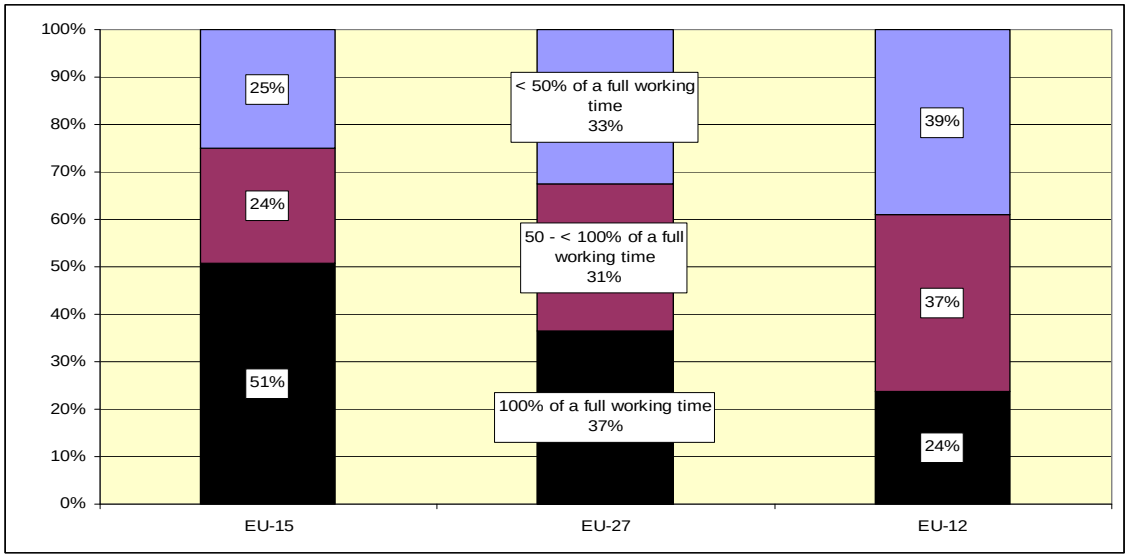


Source: Eurostat, Farm Structure Survey, 1995-2007

2.2.5. Labour force

With more than 80% of the labour force coming from the farm holders' family, EU agriculture is still largely based on family farms. Workers employed regularly make up 12% of the labour force. However, a very large share of the employment is not occupied full-time in agriculture: around 33% of the family and regular workers in the EU-27 are working less than half time in agriculture and only 37% of them have full time jobs.

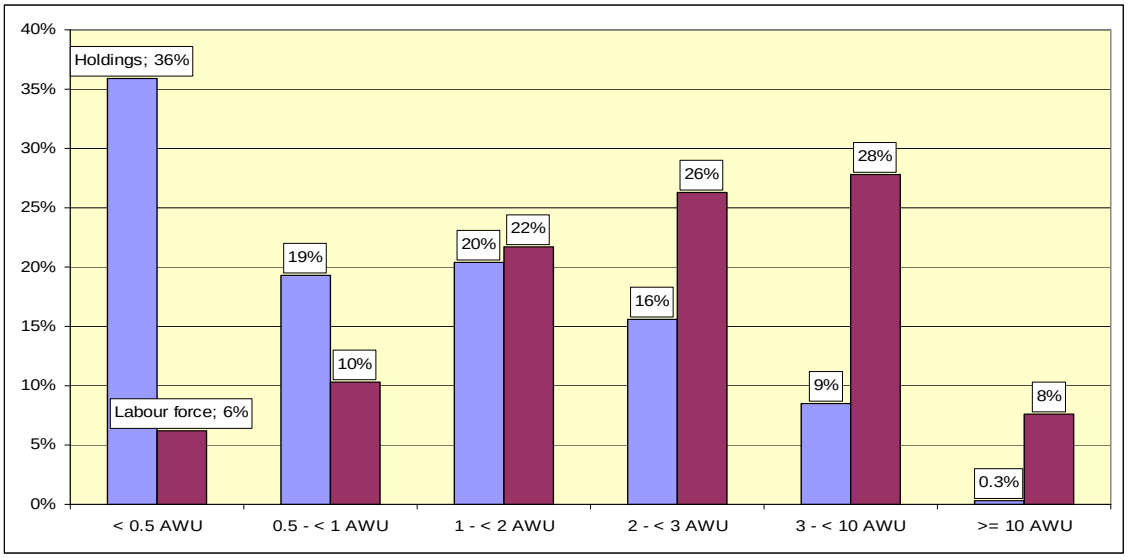
Graph 12 Distribution of family and non-family labour force working regularly in agriculture according to the working time in agriculture in the EU - 2007



Source: Eurostat, Farm Structure Survey, 2007

The importance of part-time farming is also reflected in the labour force used per holding: 55% of EU farms require less than one annual work unit.

Graph 13 Distribution of holdings and of labour force by category of level of labour force per holding in the EU – 2007

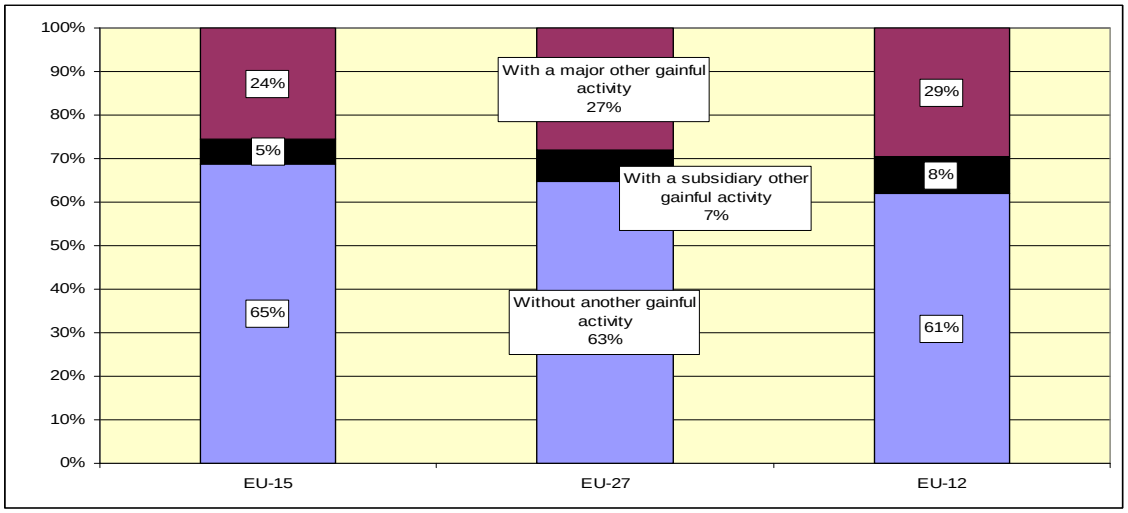


Source: Eurostat, Farm Structure Survey, 2007

On the other hand, due to the increase in labour productivity, the average labour force requirement per farm remains rather stable at around 1 AWU despite the increase of the average farm size, and more labour intensive activities such as horticulture and dairying which exhibited increasing employment per farm in the last years.

In 2007, only 15% of the managers of family farms of the EU-27 had a working time in agriculture equivalent to a full-time job - this proportion being higher when looking at the EU-15 (25%) and lower when looking at the EU-12 (9%) - although 63 % of family farm managers continue to have no other gainful activity than agriculture.

Graph 14 Distribution of managers of family farms according to the existence of gainful activities other than agriculture in the EU - 2007

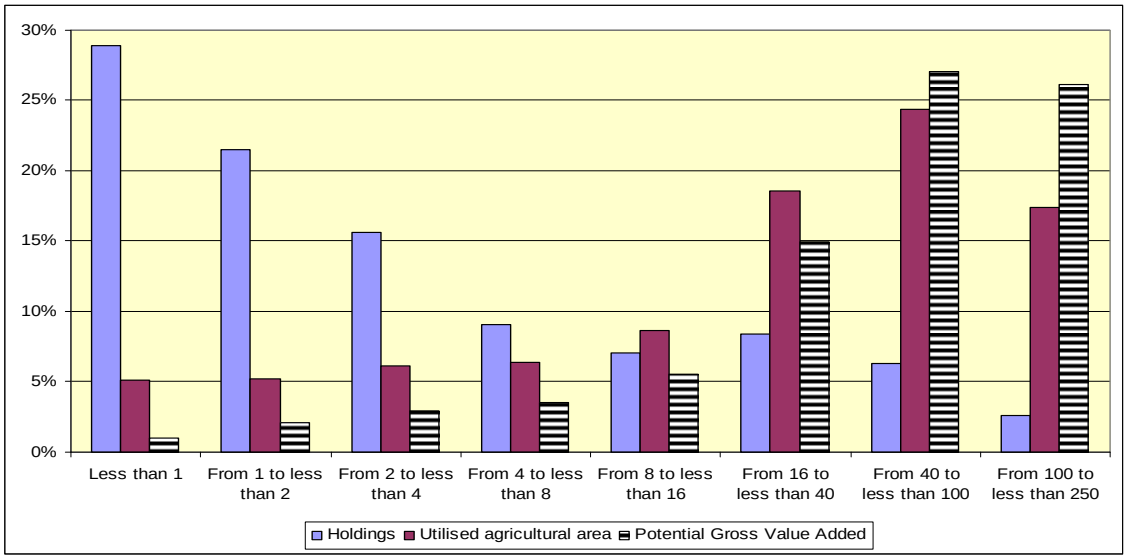


Source: Eurostat, Farm Structure Survey, 2007

The proportion of managers of family farms having another gainful activity has increased only slightly over time. This may be the result of the increasing size of farms, as the presence of another gainful activity diminishes when the size of the farm increases.

Most of the production of family farms is therefore produced by managers with no other gainful activity than agriculture. Those family farm managers who do have another gainful activity tend to farm smaller farms with lower economic potential.[27]

Graph 15 Distribution of holdings with another gainful activity than agriculture by economic farm size (ESU) in the EU-27 – 2007



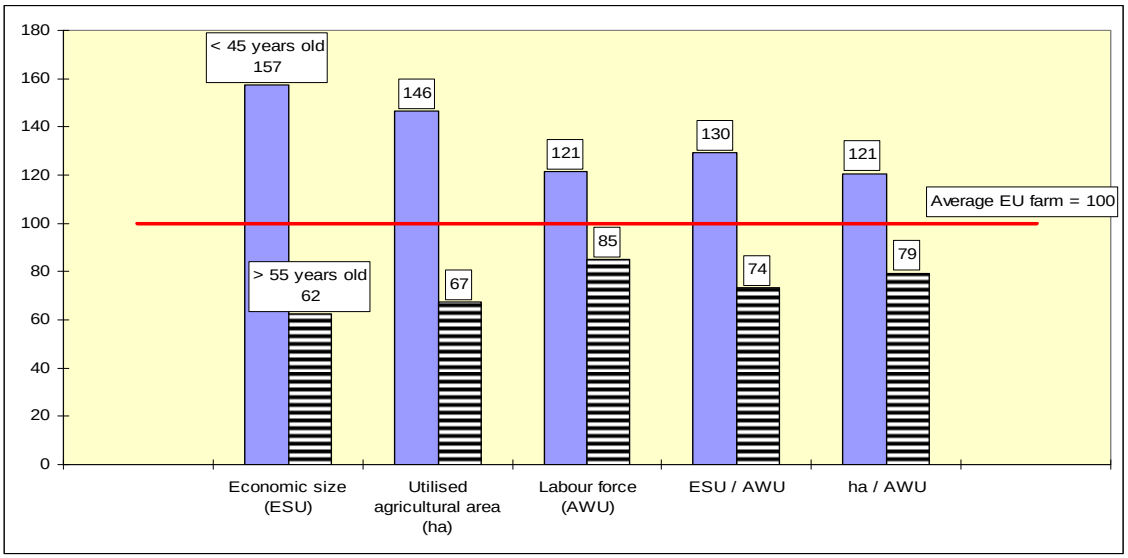
Source: Eurostat, Farm Structure Survey, 2007

The presence of other gainful activities on family farms is more frequent when looking not only at the farmer but also at his/her spouse (52% in 2007 for the EU-27) and has increased over the years: for the EU-15, it grew from 32% to 49% between 1995 and 2007. This progression reflects the diversification of income sources on European farms and probably also the overall trend observed in the rest of society towards a greater participation of women in the labour market.

The agricultural labour force is relatively aged, with less than a quarter of managers who are less than 45 years old. This is particularly pronounced in Bulgaria and Romania but also in the old Member States where the number of new "young" managers is diminishing over the time. However, managers of less than 45 years old have on average a better farm structure than the average EU farm: 46% more area and 57% more economic potential for 21% more labour force.

[27] The economic size of farms is expressed in terms of European Size Units (ESU). The value of one ESU is defined as a fixed number of EUR of Standard Gross Margin. Currently, 1 ESU corresponds to 1200 € farm standard gross margin.

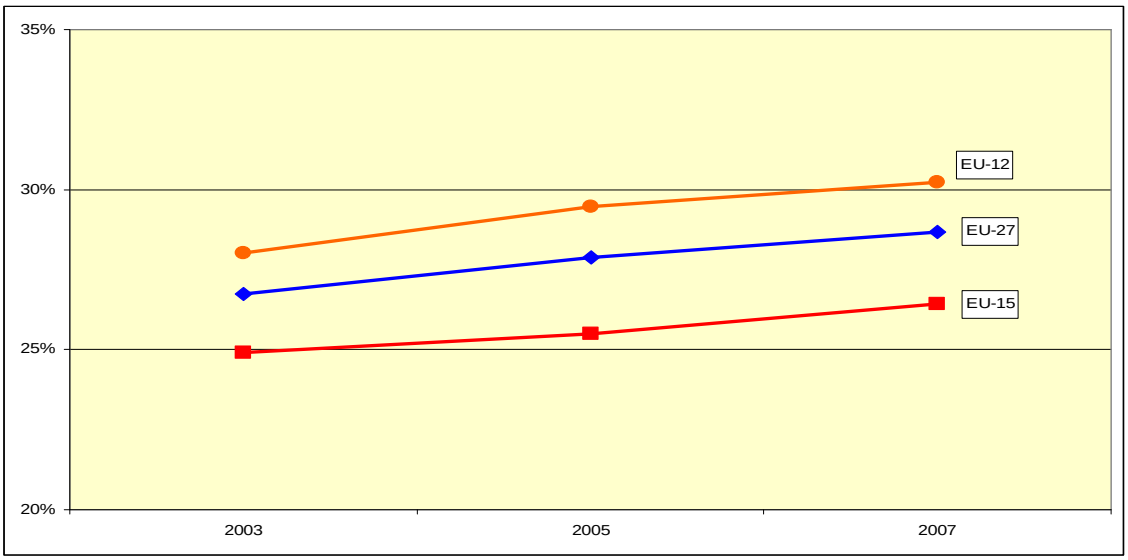
Graph 16 Performance of managers of less than 45 years old and of managers of more than 55 years old in the EU-27 - 2007



Source: Eurostat, Farm Structure Survey, 2007

Women represent 42% of all agricultural workers, their percentage being higher in EU-12 (47%) compared to EU-15 (38%). The share of female farm holders increased from 26.8% to 28.7% of total farm holders in EU-27 between 2003 and 2007 (also this percentage is higher in EU-12 compared to EU-15).

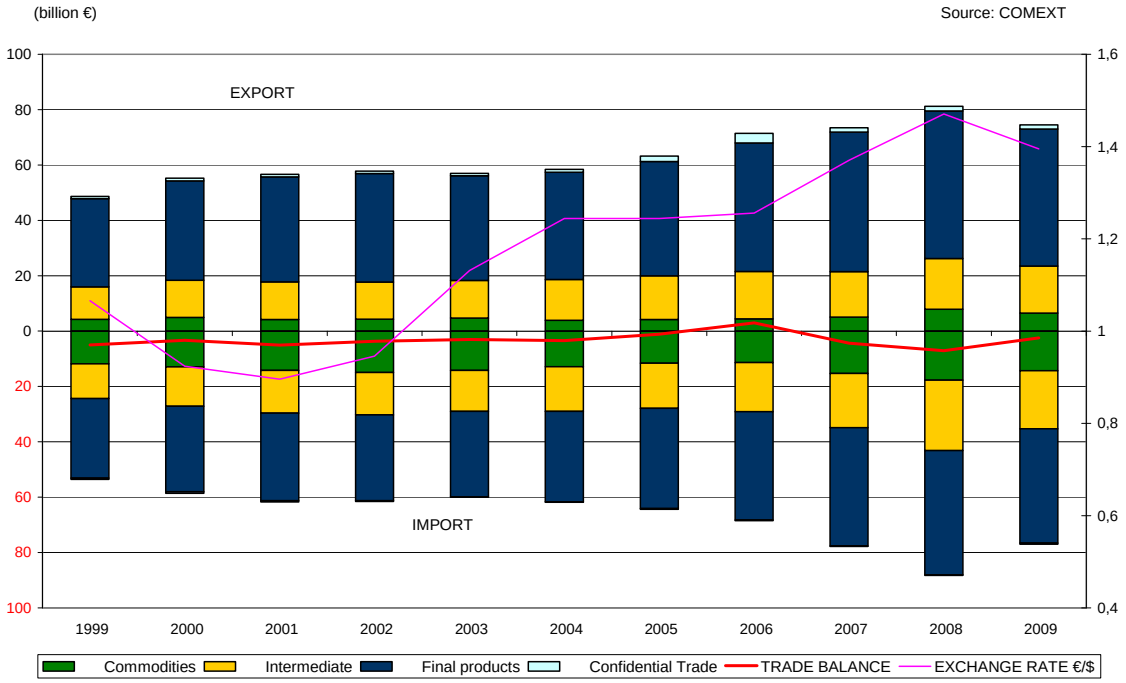
Graph **17** Evolution of female farm holders (as % of total farm holders) in the EU - 2003-2007



Source: Eurostat, Farm Structure Survey, 2003-2007

2.3. Agriculture and food trade

Graph 18 Structure of EU agriculture and food trade



The EU holds a significant weight in international agriculture and food trade[28]. With average annual imports of €81 billion in 2007-2009, the EU is by far the largest importer, although its share in world imports has decreased from 21% in 2007 to 19% in 2009. Exports have reached an annual average of about €76 billion in 2007-2009, placing the EU at a par with the USA with a share of around 18% of world exports.

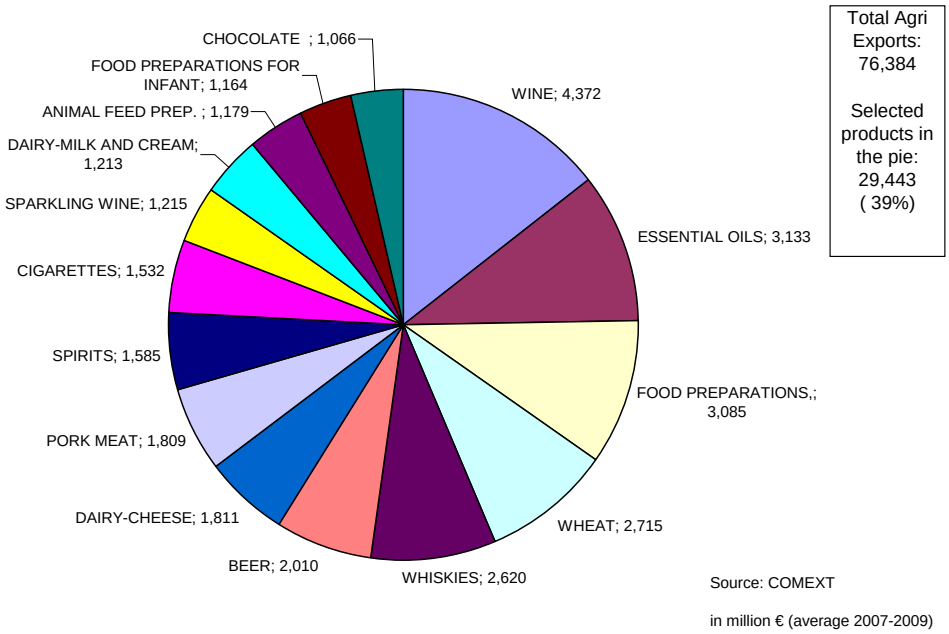
EU agri-food trade has experienced a sustained growth in the last ten years until 2008, with average annual growth rates at 5.7% for imports and 5.9% for exports. Growth was particularly dynamic in the period 2005-2008.

In 2009 trade was profoundly affected by the economic crisis. EU imports contracted faster than exports so that the EU trade deficit decreased substantially from a record €7 billion in 2008 to just €2.5 billion in 2009.

The year 2009 was exceptional as it reversed the growth pattern of EU agricultural trade. Exports suffered an 8% drop in value compared to 2008 after five years of uninterrupted growth but imports fell even further by 13%. While the financial and economic crisis had a strong impact on both exports and imports, the price decline of commodities and intermediate products in 2009 had a larger impact on the value of EU imports than exports given that they account for a greater share of EU imports than exports.

[28] Agriculture and food trade covers chapters 1-24 except 03 (fish and fish products) of the combined nomenclature. It also include a number of headings in chapters 33, 35, 38, 41, 43 and 51-53.

Graph 19 EU-27 main agriculture and food exports, average 2007-2009 (€ billion)

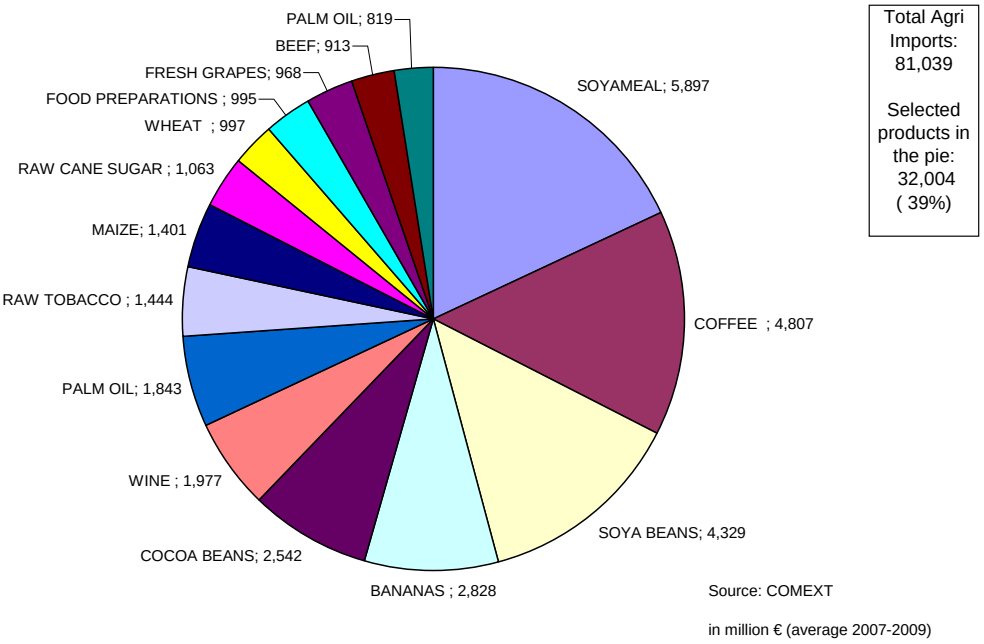


Final products dominate EU agri-food trade. They accounted for 68% of the value of exports in 2007-2009 and 54% of the value of imports in the same period. While the EU overall agri-food trade balance has been constantly negative in the last decade, with the notable exception of 2006, in the case of final products it was constantly positive and the surplus reached the average of €8.1 billion in 2007-2009. Intermediary products and commodities represented respectively 23% and 9% of the total value of EU exports. For imports these categories hold higher shares with 27% and 19% respectively.

Graph 19 shows that 12 of the top 15 exports were final goods in 2007-2009, the exceptions being wheat, milk producers and essential oils. Wine (€4.4 billion) is still the EU's highest value export for 2007-2009. This is followed by essential oils (€3.1 billion), food preparations (€3.1 billion), wheat (€2.7 billion) and whiskies (€2.6 billion). Together, these five products account for one-fifth of exports.

The top 15 import products for 2007-2009 are shown in Graph 20. Soybean meal (€5.9 billion) is the EU's top import, followed by coffee (€4.8 billion). Imports of soybeans are worth €4.3 billion and ranked third, followed by bananas (€2.8 billion) and cocoa beans (€2.5 billion). Together, these top five products account for one-fourth of the value of EU imports in 2007-2009.

Graph 20 EU-27 main agriculture and food imports, average 2007-2009 (€ billion)

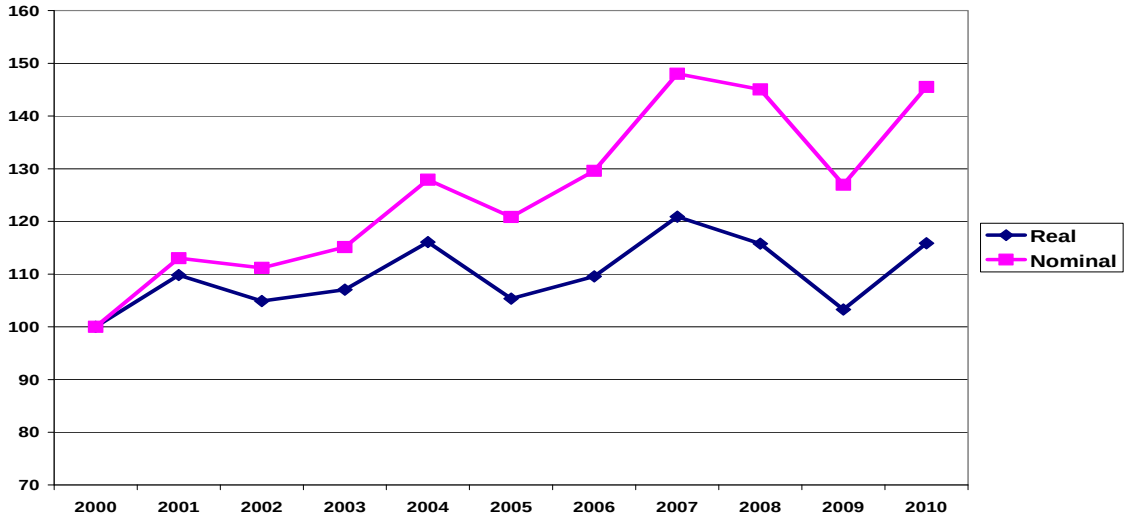


The USA remains a key partner, both on the import and export sides. Despite decreases since 2006, the USA still absorbs 16% of EU exports in 2009. Despite a steep fall of 21% in 2009, Russia is still the second most important market for the EU with a share of over 9%. On the import side, Brazil is the most important trade partner with a share of 15% of EU imports in 2009. The EU remains by far the largest importer of agri-food products from developing countries with a share of 72% on average in 2007-2009, which is more than the Australia, Canada, Japan, New-Zealand and the USA together.

2.4. Income development

Over the last decade, agricultural income per (annual) worker in the EU-27 increased in both nominal and real terms (Graph 21). On average, however, the increase in real terms has been quite modest (1.5% per year) and the development of real income volatile. After increasing by 15% between 2000 and 2004, agricultural income dropped by 10% in 2005 as a consequence of a strong contraction in the larger EU-15 Member States. Over 2006 and 2007, income increased by a total of 15%, due to soaring commodity prices, before dropping sharply after 2008 with the end of the price bubble and the beginning of the economic recession. This brought down real income in the EU-27 close to the level of the year 2000. Early estimates indicate a 12.3% increase in real agricultural income per farmers for 2010 (still slightly below 2008 levels), as output prices recovered after the very low levels of the previous year.

Graph 21 Development of real agricultural factor income per annual work unit (AWU) in the EU-27 (2000=100)



Source: Eurostat — Economic Accounts for Agriculture — Elaboration DG AGRI

As shown in Graph 22, the development of agricultural income has not been the same in the EU-12 and the EU-15. Nominal income in the EU-15 oscillated around a stable path until 2006. But its strong increase in 2007 was followed by two successive declines, including a 10.2% drop in 2009 which caused income to plummet levels seen in the beginning of the 90s. The increase in agricultural income recorded in 2010 in the EU-15 does not reverse the long term declining trend in real sector income, which fell by 18% since 2000.

By contrast nominal income has grown significantly in the EU-12 mainly due to the higher market prices prevailing in the single market and the phasing-in of direct payments. Real income however has grown more moderately and is rather stable since accession.

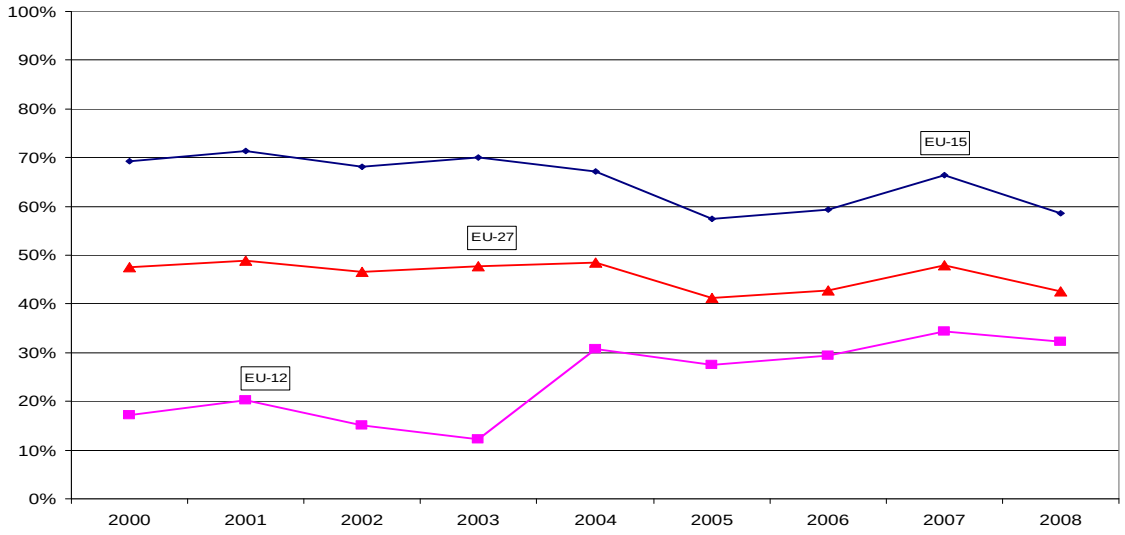
Graph 22 Development of real agricultural factor income in the EU-12 and the EU-15, 2000-2010 (billion €)

Source: Eurostat — Economic Accounts for Agriculture — Elaboration DG AGRI

Farm income varies greatly across Member States and sectors. Sectors such as pigs and poultry, milk and horticulture exhibit on average income levels above other sectors such as grazing livestock or field crops.

Given that the value added generated by the agricultural sector has been decreasing steadily in the EU, the evolution of the agricultural income per annual working unit (AWU) depends heavily on the increase of labour productivity made possible by the sharp decline of number of farmers. The strong gains in factor productivity of the farm sector that allowed an important expansion of the volume of production, outpaced the slow development of an inelastic demand for agricultural and food products and this generated a regular and steep decline in real prices until the price increase of 2007/2008. The gradual shift from market price support to direct income support introduced in 1993 allowed to support and stabilise the agricultural income thanks to higher income transfer efficiency. Direct payments accounted for 27% of agricultural income in the period 2006-2008 at the EU-27 level, total subsidies amount to close to 40% of agricultural income.

Graph 23 Entrepreneurial income in agriculture/self-employed AWU as % of wages in total economy/AWU



Source: Eurostat– Economic Accounts for Agriculture – Elaboration DG AGRI

Yet the agricultural sector continues to lag behind the rest of the economy in terms of income when comparing the income of agricultural producers (generated by agricultural activities) to the average income of an employee.[29] It shows that the income per worker in the agricultural sector is significantly below the income in the rest of the economy. In 2008 the average agricultural income in the EU-27 was equal to 58% of the average wage in the total economy. In the EU-15 the income gap has widened over time. The ratio decreased from 70% in the year 2000 to 60% in 2008. In the EU-12 the gap is even more pronounced but has declined over time. The ratio increased from less than 20% in 2000 to more than 30% in 2008.

[29] This comparison gives an idea of the income situation in the farm sector compared to the rest of the economy, despite the fact that these income concepts are not directly comparable.

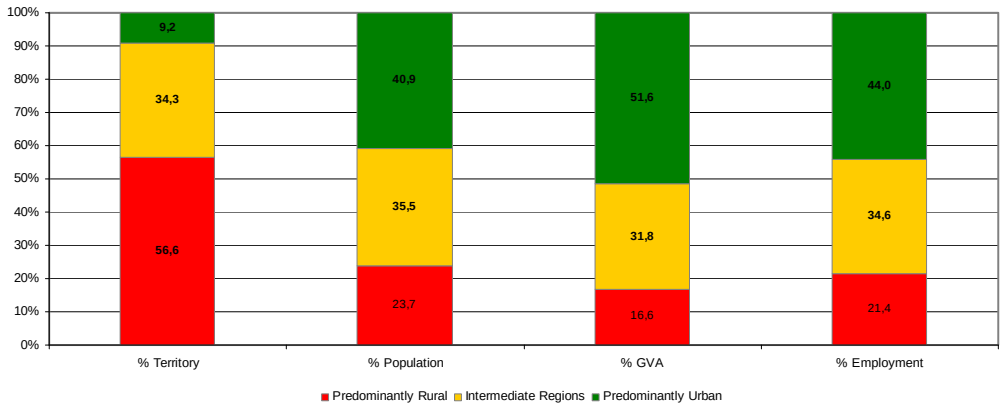
2.6. Situation of rural areas

2.6.1. Importance of rural areas

Approximately 91% of the agricultural area is located in rural areas (i.e. predominantly rural and intermediate regions), therefore most of the agricultural activity takes place in rural areas. [30] Based on population density, rural areas represented 91% of the territory and 55% of the population of the EU-27 in 2007. The corresponding shares for predominantly rural areas alone were 69% of the territory and 24% of the population making them particularly important in terms of land use. [31]

Though economic activity tends to concentrate in urban areas, rural areas generated 48% of the total GVA and provided 56% of the overall employment in 2007, these shares being larger in the EU-12. [32] However, compared to predominantly urban areas, rural areas tend to lag behind for a number of socio-economic indicators: demographic evolution, income per capita, employment rate, human capital, activity of women and young people, development of the tertiary sector as well as other aspects linked to the quality of life.

Graph 24 Importance of rural areas (% territory, population, GVA and employment). 2007 (*)



Source: Eurostat, Regional Accounts
(*) New definition of rural areas (see Annex A.3)

2.6.2. Population density and age structure

Most rural areas are characterised by low population densities: at EU-27 level, population density varies from 48 inhabitants per km² in predominantly rural areas to 514 inhabitants per km² in predominantly urban areas. This range is even larger when comparing regions: it ranges from 2 inhabitants per km² in French "Guyane" and Finnish "Lappi" to 20 837 inhabitants per km² in Paris. In most Member States, population density in rural

30 UAA of predominantly rural regions (PR) and intermediate regions (IR) regions at NUTS-3 level. The data of DE, IT and AT are not available. Source: FSS 2007.

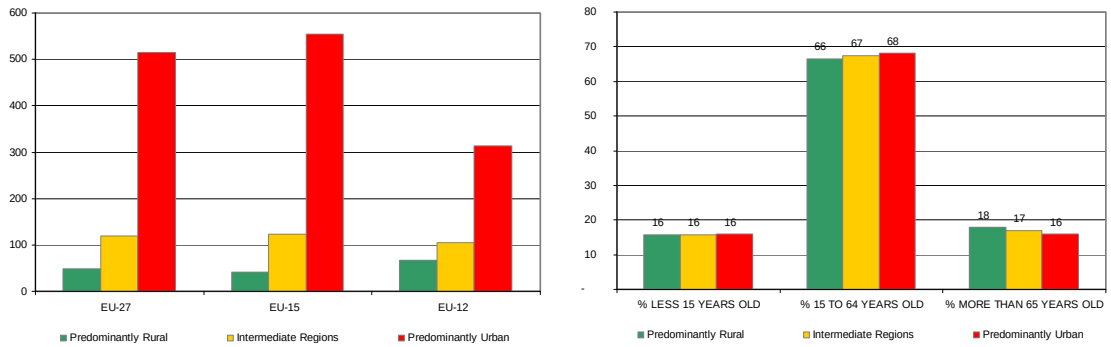
31 Source: "Rural Development in the European Union – Statistical and Economic Information – Report 2010"

32 Employment of PR and IR regions at NUTS-3 level save AT. Source: Regional Accounts 2007.

areas did not evolve significantly between 2000 and 2007, whereas it was quite dynamic in the urban areas of some Member States.[33]

The age structure of the population does not vary significantly between different types of areas even if the proportion of working age people (from 15 to 64 years old) is often higher in urban areas and the proportion of old people (65 years old and more) is often slightly higher in predominantly rural areas at EU-27 level. It seems that age structure is more influenced by demographical differences among Member States. For instance, in rural areas of the EU-15 there is generally a larger proportion of old people, whereas there are relatively more working age people in the new Member States. Between 2000 and 2007, the share of young people (less than 15 years old) decreased in almost all Member States and for all types of areas. [34]

Graph 25 Population Density (inhabitants per km$^{2)}$ and Age Structure by type of region. 2007 (*)



Source: Eurostat, Regional Accounts
(*) New definition of rural areas (see Annex A.3)

2.6.3. *Socio-economic aspects*

Although many rural areas are now driven by urban economies as in-migration has occurred around metropolitan centres, the primary sector still represents 9% of the employment and 3% of the value added in the rural areas (predominantly rural and intermediate regions) of the EU-27. This situation is even more marked in the EU-12, with the corresponding shares standing at 12% and 6% respectively, and especially in "predominantly rural" regions of the EU-12: for 26% of them the contribution of the primary sector to total GVA is higher than 10%, and for almost 40% of them the share in employment of the primary sector is higher than 20%.[35]

Nevertheless, most of the economic activity in rural areas depends on the service sector. This trend should increase in the coming years as, between 2002 and 2007, the relative importance of the primary sector in the economy of the rural areas in the EU-27 decreased by 1.9 percentage points in terms of employment and by 0.8 percentage points in terms of value added.

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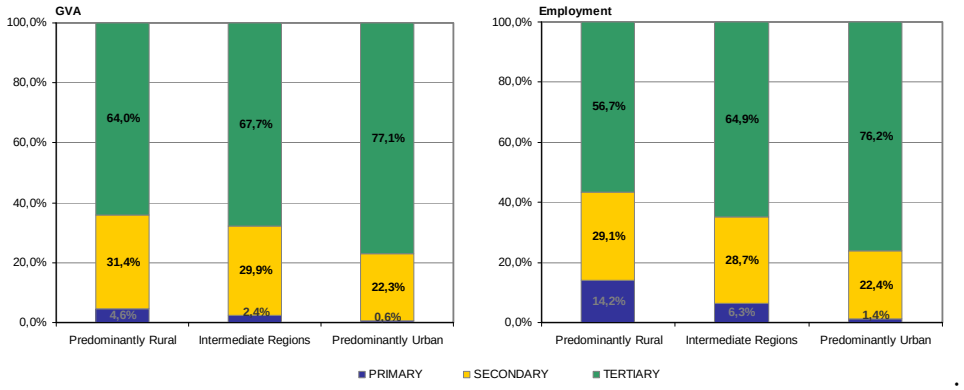
33 These changes are of course strongly influenced by the delimitation of NUTS-3 that may be restricted to urban centres.

34 Only 18 countries were available for calculating the change 2000-2007.

35 Primary sector refers to branches A_B of the NACE classification (agriculture, forestry, hunting and fisheries)

Graph 26 GVA and Employment by branch. 2007 (*)



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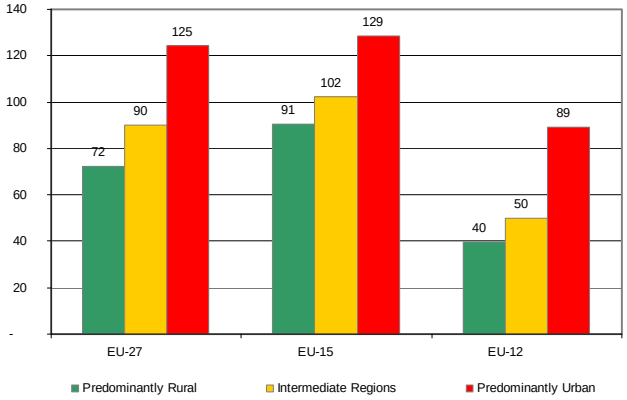
Source: Eurostat, Regional Accounts
(*) New definition of rural areas (see Annex A.3)

This is a consequence of the diversification of the economy of rural areas to sectors other than agriculture. The average annual increases of both employment and added value in the non-agricultural sector for all the regions stood around 1.3% and 2.5% per year respectively between 2002 and 2007: as a result, in 2007, 86% of employment and 95% of value added in predominantly rural areas of the EU-27 came from the non-agricultural sectors. Among these, tourism is one of the key opportunities in terms of potential growth for rural areas. With nearly three quarters of bed places in the EU-27 located in rural areas, this sector already plays a major role.

Gross Domestic Product per capita (GDP pc) is higher in urban than in rural areas. At EU-27 level, the income per inhabitant in rural areas (predominantly rural and intermediate regions) represents 83% of the EU average, ranging from 98% in the EU-15 to 45% in the EU-12. The gap between predominantly rural and predominantly urban areas is accentuated in the new Member States. However, while the relative income per inhabitant in rural areas of the EU remained globally unchanged between "2000" and "2006", it has slightly improved in rural areas of the new Member States (predominantly rural areas of the EU-12 moved from 35% to 40% of the EU average and from 42% to 50% for intermediate regions). Despite the fact that rural regions in the EU-12 are growing faster than the EU-27 average, this rate of growth is lower than that of urban areas of the EU-12; consequently, the gap between both has increased over the last years.

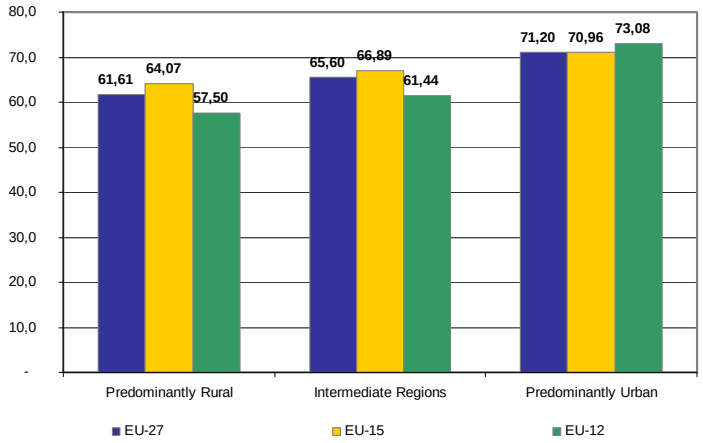
Graph 27 GDP pps / per capita by type of region. EU-27 average: 100. Average 2005, 2006, 2007. (*)



Source: Eurostat, Regional Accounts
(*) New definition of rural areas (see Annex A.3)

The employment rate in the EU-27, calculated as a share of the population of 15 to 64 years old, is lower in predominantly rural than in other areas (62% in predominantly rural areas against 67% for all areas in 2007). However, the development between 2003 and 2007 is different in new and old Member States. In the EU-15, the employment rate has generally increased at the same pace in rural and urban areas, whereas in the EU-12, the employment rate in rural areas has increased more slowly or even decreased (particularly significant in Romania).

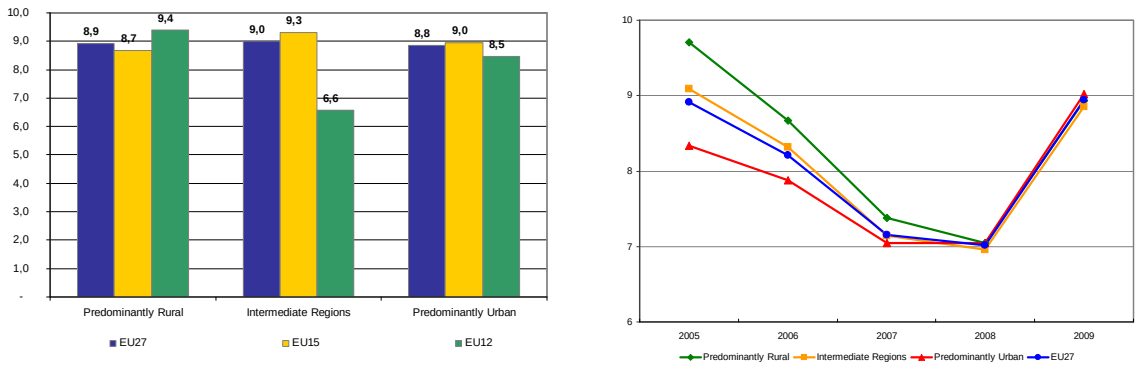
Graph 28 Employment rate (%) by type of region. 2007. (*)



Source: Eurostat, Regional Accounts and Labour Force Survey
(*) New definition of rural areas (see Annex A.3)

The unemployment rate, calculated as a percentage of the active population, presents some differences regarding the other indicators. The three types of regions have similar ratios at EU-27 level, all close to 9%. There are, however, important differences among countries, the unemployment rate ranging from 6% in Denmark to 18% in Spain and Latvia. Predominantly rural regions do not always present the highest unemployment rates, especially in the EU-15, whereas in the EU-12 many rural areas present a relatively higher level of unemployment. What it is common for all type of regions is that after the general decrease over the period 2005-2008, the unemployment rate has now considerably increased, particularly in urban regions.

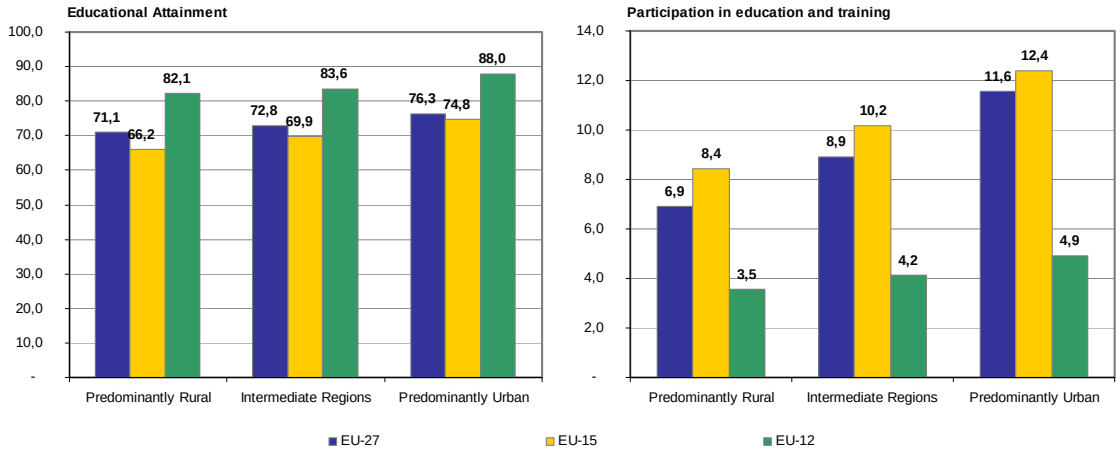
Graph 29 Unemployment rate (%) by type of region (2009) and evolution (2005-2009) (*)



Source: Eurostat, Regional Accounts and Labour Force Survey
(*) New definition of rural areas (see Annex A.3)

Human potential is a key factor for the development of rural areas. In 2009, 72% of adults in the EU-27 reached a medium or high education level. There are however large variations among Member States (from 28% to 91%), with notably a higher level of education in most new Member States than in the EU-15. In most of the countries the level of education is lower in rural areas than in urban areas. Life-long learning is a good instrument to improve the skills of workers and favours economic development. It is already largely applied in Denmark and Finland where more than 20% of adults participated in training in 2009. However, it is often less used and progressing more slowly in rural areas.

Graph 30 Educational Attainment: % of adults (25-64) with medium and high educational attainment and % of adults (25-64) participating in education and training by type of region. 2009(*)



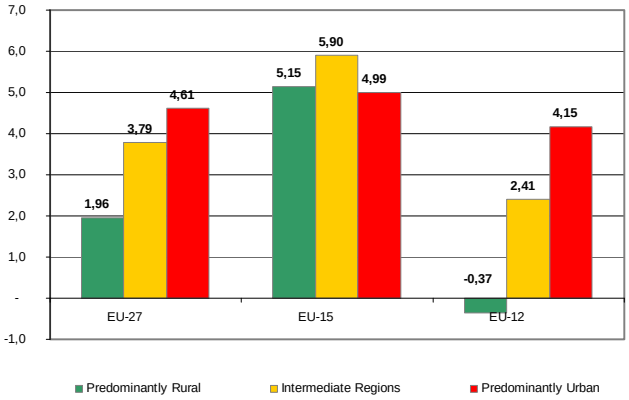
Source: Eurostat, Regional Accounts and Labour Force Survey
(*) New definition of rural areas (see Annex A.3)

2.6.4. Quality of life

Rural areas also tend to lag behind in other quality of life indicators. The net migration rate is a good measure of the global attractiveness of an area. Though positive, it is often lower in predominantly rural areas than in predominantly urban areas (+2‰ and +4.9‰ respectively for the EU-27 in 2007).[36] Nevertheless, this pattern varies among Member States and other factors, such as more favourable climatic conditions, can play a major role in the decision of people to move to another place.

[36] Excluding the United-Kingdom. Data at NUTS-3 level.

Graph 31 Net Migration by type of region in ‰. 2007 (*)



Source: Eurostat, Regional Accounts and Labour Force Survey
(*) New definition of rural areas (see Annex A.3)

Even if rural areas are attractive as a place to live, remoteness remains a major problem and numerous aspects of quality of life need to be improved in many of rural areas. The development of services is generally lower in rural areas: at EU-27 level, services represent 64% of the economic activity in predominantly rural areas in comparison with 77% in predominantly urban areas (See Graph 26). Over the last years, the share of services in rural and urban regions has grown at approximately the same pace. Broadband internet infrastructure and take-up by the population are also significantly lower in rural than in urban areas: at the end of 2009, the percentage of population having subscribed to DSL internet in predominantly rural areas of almost all the EU-27 Member States was lower than that of urban areas, whereas internet take-up rate was 13.4% and 20.8% respectively in predominantly rural and predominantly urban regions of the EU-27. [37]

[37] For broadband indicators, the definition of rural areas is different from the new typology rural areas (See Annex A3): rural areas are defined as those areas with less than 100 inhab./km², suburban: 100 to 500 inhab./km², and urban: more than 500 inhab./km².

3. MEDIUM-TERM PERSPECTIVES FOR EU AGRICULTURE AND RURAL AREAS

The medium-term outlook for EU agriculture depicts a mixed picture with regard to commodity market developments. The outlook for EU agricultural markets remains subject to a number of uncertainties regarding future market developments as well as the macroeconomic and policy settings.

They concern in particular the drivers of demand and supply of agricultural commodities, the linkage between agriculture and energy markets and the path of economic recovery. Climate change will remain to influence the market outlook, with unpredictable weather patterns leading to supply fluctuations. Other factors such as future changes in agricultural and trade policies as well as the outcome of the current Doha Development Round of trade negotiations and bilateral/regional trade discussions and the policies on renewable energy could also have far reaching implications for the future pattern of EU agricultural markets.

While the expected demand growth resulting from the assumed economic recovery and mandatory biofuel mandates should support production expansion, EU output would remain under its full potential as the expected increase in input costs would limit the profitability of production. In addition, crop yields are expected to grow at a slow pace, continuing the decline in the rate of growth observed during the previous decade.

The assumed appreciation of the EUR would further weaken the competitiveness of EU exports on world markets, leading to a loss in world market share at a time when global demand is growing at a relatively fast pace. The deteriorating competitiveness of the EU under the current setting is further emphasized in the analysis of alternative assumptions on yield and global demand growth rates.

On the other hand, commodity markets are expected to remain balanced over the outlook period, without the need for market intervention, (only the SMP market will remain sensitive to global supply-demand developments over the near term). Prospects for agricultural income remain positive, displaying a modest growth rate at the EU level, driven by the decline in labour input which is expected to continue.

The outlook for EU agricultural markets and income over 2010-2020 assumes a status quo policy environment, stable macroeconomic conditions and relatively favourable world market perspectives. The Common Agricultural Policy is assumed to follow the Health-Check decisions, and global trade policy to respect the Uruguay Round Agreement on Agriculture. Macroeconomic assumptions include a gradual and modest EU GDP growth at around 2% p.a. and a steady appreciation of the EUR to around 1.47 USD/EUR. Commodity prices are expected to stay firm over the medium term supported by factors such as the growth in global food demand, the development of the biofuel sector and the long-term decline in food crop productivity growth.

3.1. EU agricultural markets

3.1.1. Arable crops

The medium-term prospects for the EU cereal markets depict a relatively positive picture with tight market conditions, low stock levels and prices remaining above long term

averages. Supply growth is expected to result mostly from very moderate yield growth (just above 0.5% per year on average) with some reallocation between crops in a stable cereal area,.

The domestic use of cereals in the EU is expected to increase, most notably thanks to the growth in the emerging bioethanol and biomass industry in the wake of the initiatives taken by Member States in the framework of the 2008 Renewable Energy Directive (RED).

The medium-term prospects for the EU oilseed markets depict a positive picture with strong demand and high oilseed oil prices. Supply growth is expected to result mostly from moderate yield growth and to a lesser extent from a slightly expanding oilseed area, with some reallocation between crops. The expected increase in domestic use of oilseeds in the EU would also be driven by the growth in the emerging biodiesel and biomass industry following the initiatives taken by Member States in the framework of the RED. The trade balance is not expected to improve over the medium term as additional imports are required to meet the biofuel targets.

3.1.2. Meat

Total meat production is expected to recover over the near term from the decline suffered in the wake of the economic crisis, but longer term growth prospects remain modest at an annual rate of 0.3% on average. Aggregate meat production would reach 44.4 mio t in 2020, exceeding the 2009 level by 4%. The situation differs between ruminant and non-ruminants, as beef/veal and sheep/goat meat production would drop by 7% and 11% respectively while pig and poultry meat production would expand by 7% each. The potential growth in non-ruminant meat production would remain constrained by the expected increase in production costs.

The driving factor for production growth would be the increasing poultry and pig meat consumption. On a per capita basis, overall EU meat consumption would reach 85.4 kg in 2020, 2% higher than 2009. Poultry meat consumption would increase most, above 6% and pig meat growth would remain below 5% on aggregate between 2009 and 2020. Pig meat would remain the most preferred meat in the EU at 43.3 kg/capita in 2020, compared to 24.7 kg for poultry, 15.4 kg for beef and veal and less than 2 kg for sheep and goat meat.

The net trade position of the EU is projected to deteriorate over the outlook driven by a steady increase in meat imports (of beef and poultry meats) and a parallel decline in meat exports (of beef, pig and poultry meats). Aggregate meat imports would grow by 14% altogether, while meat exports would decline by almost 23% by 2020, leaving the EU with net exports of around 200 thousand t, with pig meat as the single commodity with a positive net trade balance.

3.1.3. Milk and dairy products

Milk production is expected to return to an increasing path, driven by a fairly optimistic demand outlook based on improved macroeconomic prospects. The rate of increase will be rather moderate, with EU-27 milk production in 2020 projected to exceed the 2009 level by less than 4%. Milk deliveries would increase by a slightly higher rate (of almost 5%), the difference being due to the gradually declining on-farm consumption in the EU-12. The quota abolition is expected to lead to a very modest reaction of EU-27 milk deliveries at the end of the quota regime in 2015.

The outlook appears favourable for higher value added dairy commodities, driven by growing demand for cheese and fresh dairy products. Production of fresh dairy products (including drinking milk, cream, yoghurts, etc.) is projected to increase by about 8% (from 2009 to 2020) and cheese output is depicted to grow by about 10%. Prospects for cheese exports are favourable despite the strengthening EUR, with the EU maintaining a steady share in global cheese exports above 30%.

WMP production is expected to fall only marginally below its 2009 level and EU exports would remain firm over the medium term, driven by strong global demand. Nevertheless, the EU is expected to lose market share of global exports that would decline to 21% in 2020 (from 24% in 2009).

The outlook depicts continued market stability for butter, conditional on firm domestic demand around the level of 2 mio t. The projected increase in production for 2015 (year of quota abolition) would lead to a temporary increase in EU exports.

SMP export perspectives are less favourable given the assumed strengthening of the EUR and strong supply from other exporters. As EU demand prospects are also fairly weak, the outlook for price growth is rather constrained over most of the projection period. However, supply pressure on the market would be mitigated by reduced EU production.

All in all, and despite the relatively favourable outlook and apparent short- and long term market stability for SMP, the nearer term prospects remain sensitive to global supply-demand developments and the market's ability to absorb the release of intervention stocks.

3.2. Agricultural income

Agricultural income (expressed as real factor income per labour unit) is expected to recover from the significant low in 2009 with an outlook for a gradual, albeit modest growth in aggregate EU income over most of the projection period that would exceed the 2005-2009 average (base) level by around 20% in 2020.

This overall gain would mask uneven developments for the EU-15 and EU-12; whereas agricultural income in the EU-15 would show a more moderate increase to almost 10% above the base level, it is foreseen to display a more pronounced picture in the EU-12 rising 45% above the base level by 2020 and converging towards the EU average.

While the assumed decline in agricultural labour remains an important factor behind the income prospects for both EU-15 and EU-12, the increase in the subsidies granted to agricultural producers in the EU-12 over the phasing-in period should remain a key driver of income growth in this group of Member States.

4. CONCLUSIONS

The agricultural and food sector of the EU has shown great resilience and adaptability over the last decades to a rapidly changing technological, economic and social environment. The adjustment took place within a supportive policy setting which contributed to alter the pace of this long-term process. Whereas the agri-food sector still represents today an important component of the EU economy, it has also shown critical importance for the environment and landscape in contributing over the centuries to creating and maintaining a variety of valuable semi-natural habitats and in continuing today to shape the majority of EU's landscapes.

The present analysis displays a very large variety of farm structures in the EU-27. Two broad types of situations emerge: out of the 13.7 million farm holdings, 47% are of very small size and account for 23% of labour force and 7% of agricultural area. On the other side of the spectrum, 11% of the farms with a size of above 20 ha account for 77% of agricultural area. This is a situation that is likely to persist in the medium term given the current trends of structural adjustment.

The agricultural sector continues to lag behind the rest of the economy in terms of income. As a matter of fact the gap between agricultural and non-agricultural income has widened in the EU-15 in the last decade (from about 70% to 60% of average wages). In the EU-12, the gap has narrowed, mainly thanks to the introduction of the CAP, yet it still stands at about 30% of average wages. The year 2009 has been particularly unfavourable to agricultural income, bringing levels back to 2000 in the EU-27 (and 1994 for the EU-15) due to unfavourable input and output price levels and the economic crisis. The increase in agricultural income recorded in 2010 in the EU-15 does not reverse the long term declining trend in real sector income, which fell by 18% since 2000. The agricultural income in the EU-12 remains considerably lower than in the EU-15 but is increasing.

The EU holds a significant weight in international agriculture and food trade with a share of around 18% of world exports, at a par with the USA, and 20% of world imports, making it the world largest importer. Over the years the EU managed to increase its export share of high value-added and processed products, which represent more than two thirds of total EU exports

The EU agricultural and food sector, which displays a wide diversity across Member States and sectors, has mainly developed in rural areas. Rural areas represent some 91% of the EU territory and 56% of the total EU population. These areas tend to lag behind the predominantly urban areas as regards a number of socio-economic indicators.

Although the development of a growing number of rural areas is likely to become increasingly driven by factors outside agriculture, many rural areas, in particular those which are remote, depopulated or dependent on farming, are expected to face particular challenges as regards economic and social sustainability. However, these areas have significant potential to meet the growing demand for the provision of rural amenities and tourism as an attractive place to live and work, and as a reservoir of natural resources and highly valued landscapes. These potentials should remain closely linked in many of these rural areas to the presence of a competitive and dynamic agri-food supply chain.

ANNEXES

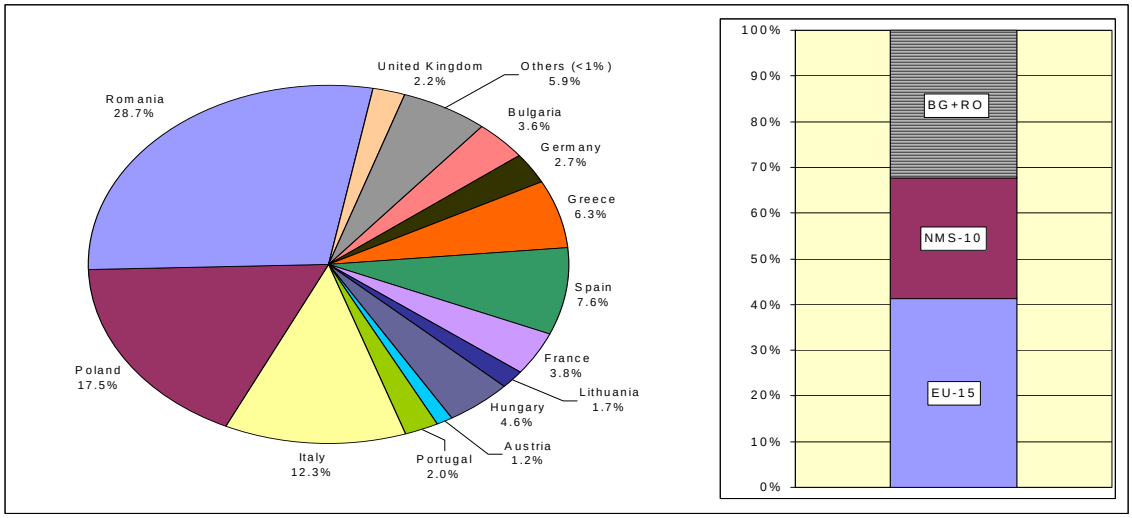
A.1 Economic information on the agricultural sector

Table 1 Importance of Agriculture in total gross value added

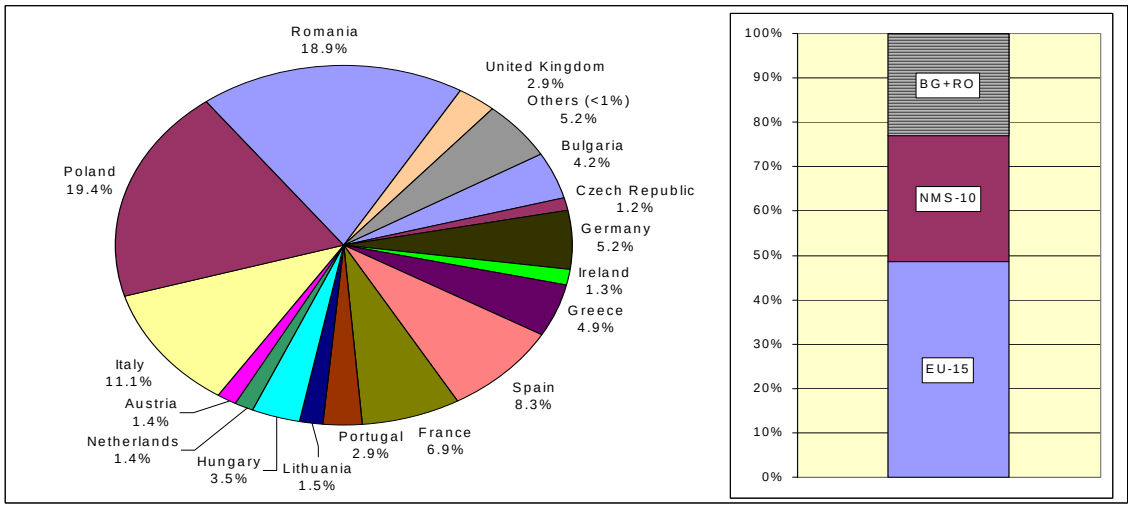
CTRY	2007		2008		2009	
	GVA in Agriculture	% of Total GVA	GVA in Agriculture	% of Total GVA	GVA in Agriculture	% of Total GVA
BE	2 638.0	0.9	2 074.0	0.7	2 047.0	0.7
BG	1 547.5	6.0	2 040.2	6.9	1 694.2	5.6
CZ	2 819.6	2.5	3 386.9	2.5	2 794.1	2.3
DK	2 267.7	1.2	1 946.8	1.0	1 753.9	0.9
DE	20 940.0	1.0	19 960.0	0.9	17 310.0	0.8
EE	439.4	3.2	396.1	2.8	309.3	2.6
IE	2 380.7	1.4	2 083.7	1.3	1 421.6	1.0
GR	6 871.1	3.5	6 568.0	3.2	6 622.3	3.2
ES	27 201.0	2.9	26 494.0	2.7	25 955.0	2.6
FR	37 476.0	2.2	35 738.0	2.0	30 010.5	1.7
IT	28 480.6	2.1	28 329.6	2.0	25 083.6	1.8
CY	309.0	2.2	346.1	2.3	346.1	2.3
LV	667.9	3.6	629.4	3.0	550.4	3.3
LT	1 009.0	3.9	1 075.5	3.7	802.2	3.4
LU	134.9	0.4	127.9	0.4	103.3	0.3
HU	3 425.3	4.0	3 856.7	4.2	2 605.0	3.3
MT	116.3	2.4	98.3	1.9	103.8	2.1
NL	10 548.0	2.1	9 566.0	1.8	8 798.0	1.7
AT	4 332.5	1.8	4 386.6	1.7	3 794.1	1.5
PL	11 775.0	4.3	11 872.7	3.7	10 054.8	3.6
PT	3 583.3	2.5	3 433.4	2.3	3 442.8	2.3
RO	7 193.4	6.5	9 266.9	7.4	7 484.8	7.1
SI	760.7	2.5	823.0	2.5	756.0	2.4
SK	2 007.5	4.1	2 466.3	4.2	2 256.3	3.9
FI	4 723.0	3.0	4 641.0	2.9	3 956.0	2.7
SE	5 078.5	1.7	5 182.5	1.8	4 486.7	1.8
UK	12 607.8	0.7	12 755.6	0.8	10 139.9	0.7
EU27	201 335.9	1.8	199 505.1	1.8	174 420.4	1.6
EU15	169 265.1	1.6	163 284.3	1.6	144 932.7	1.5
EU12	32 070.8	4.2	36 220.8	4.2	29 487.7	3.8

A.2 Structural information (*)

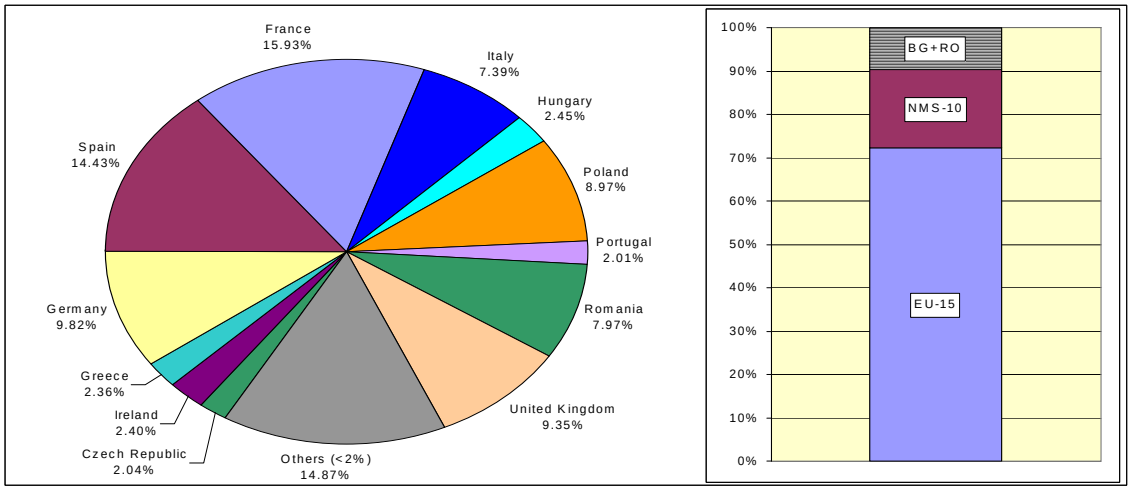
Graph 32 Distribution of agricultural holdings in the EU between Member States - 2007



Graph 33 Distribution of labour force in agriculture in the EU between Member States – 2007

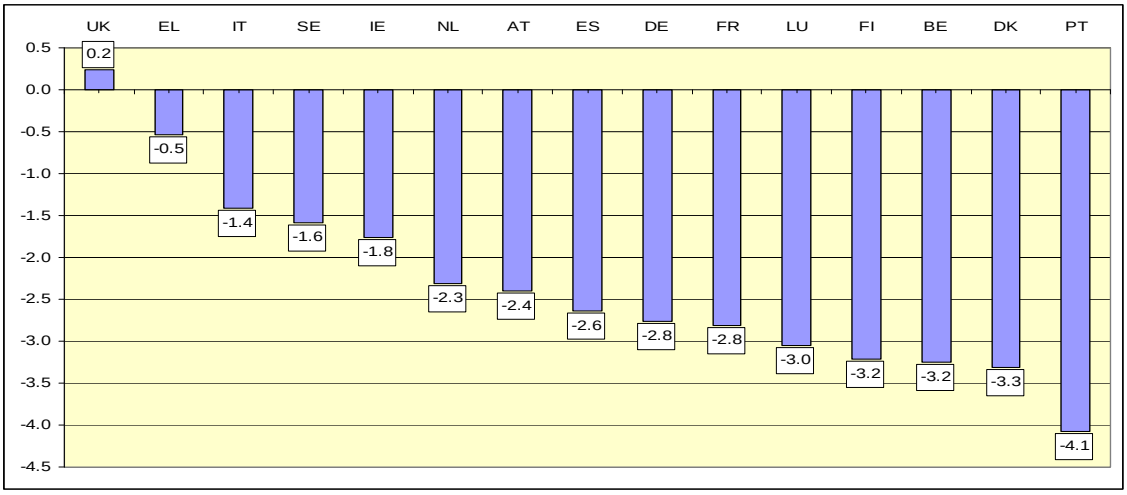


Graph 34 Distribution of the utilised agriculture area in the EU between Member States – 2007

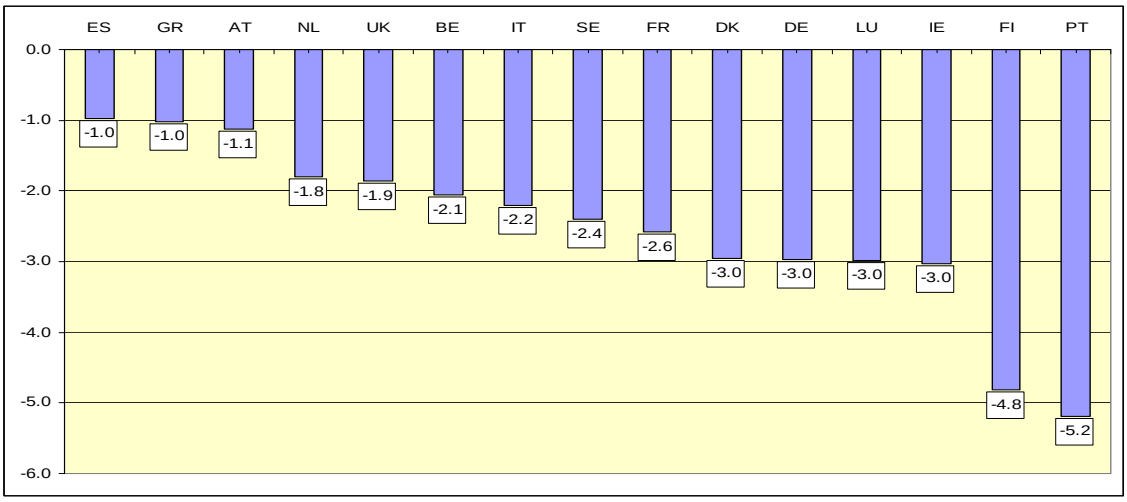


(*) Source: Eurostat, Farm Structure Survey

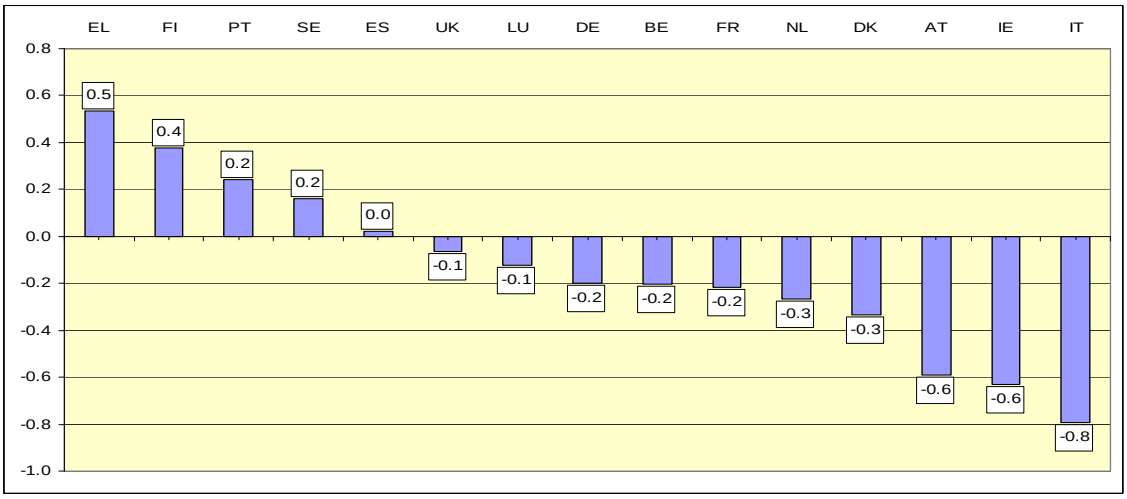
Graph 35 Annual rate of change (%) in the number of agricultural holdings in the EU-15 (*)



Graph 36 Annual rate of change (%) in the agricultural labour force in the EU-15 (*)

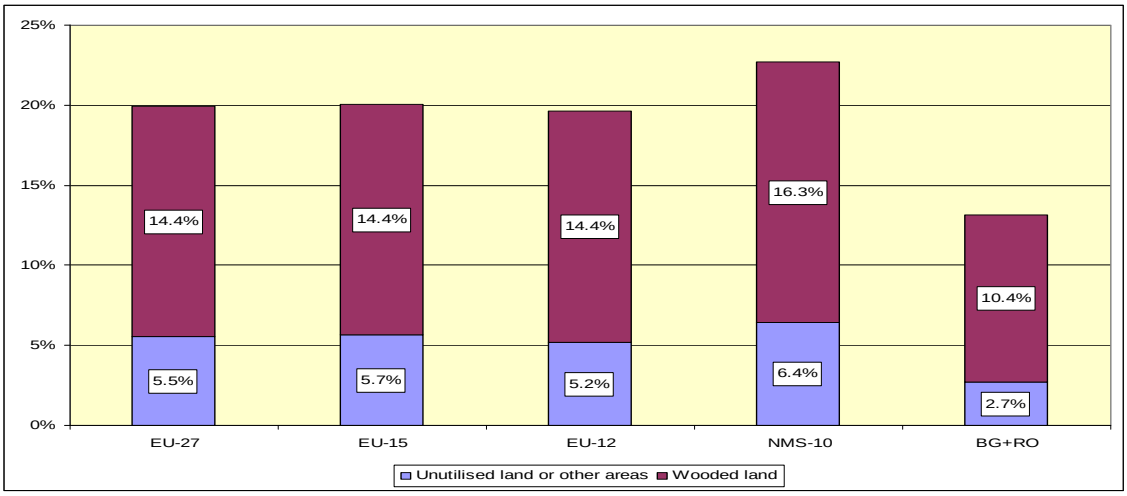


Graph 37 Annual rate of change (%) in the utilised agriculture area in the EU-15 (*)

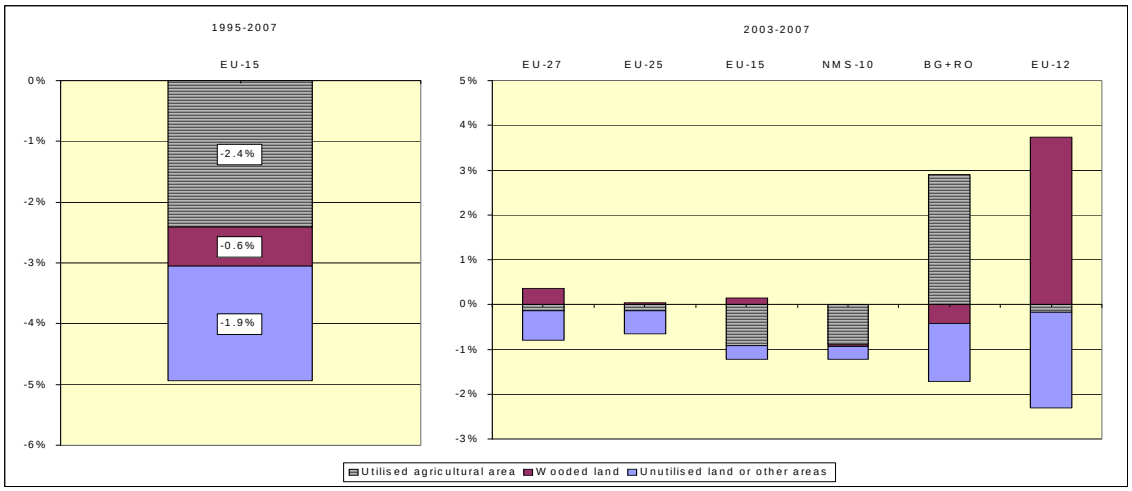


(*): the period covered (over the range 1975 to 2007) varies between Member States according to the availability of data, the year of accession and the processing necessary to circumvent the influence of the changes in coverage of the surveys.

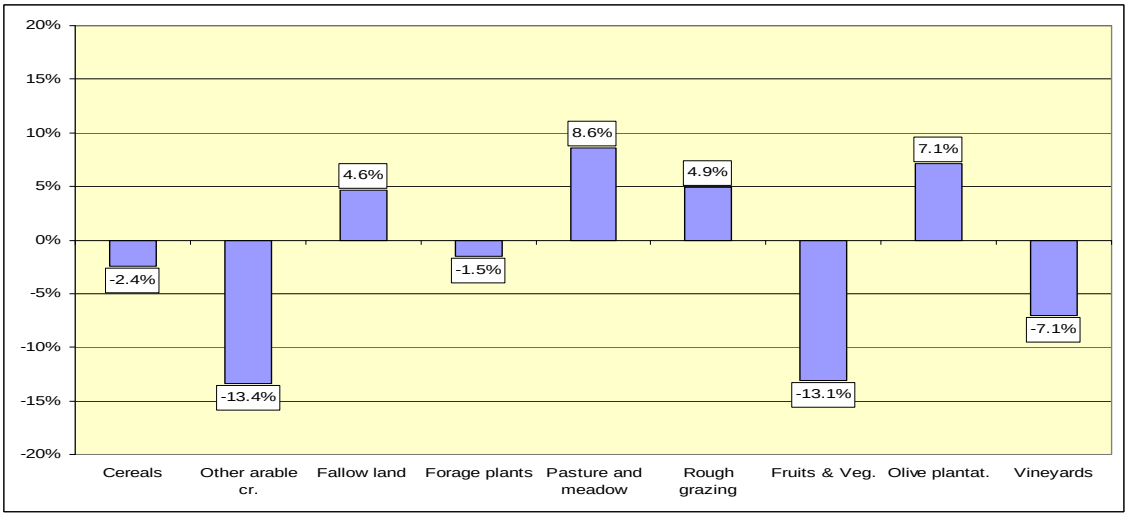
Graph 38 Share of non-used agricultural area in the total area of the farms in EU – 2007



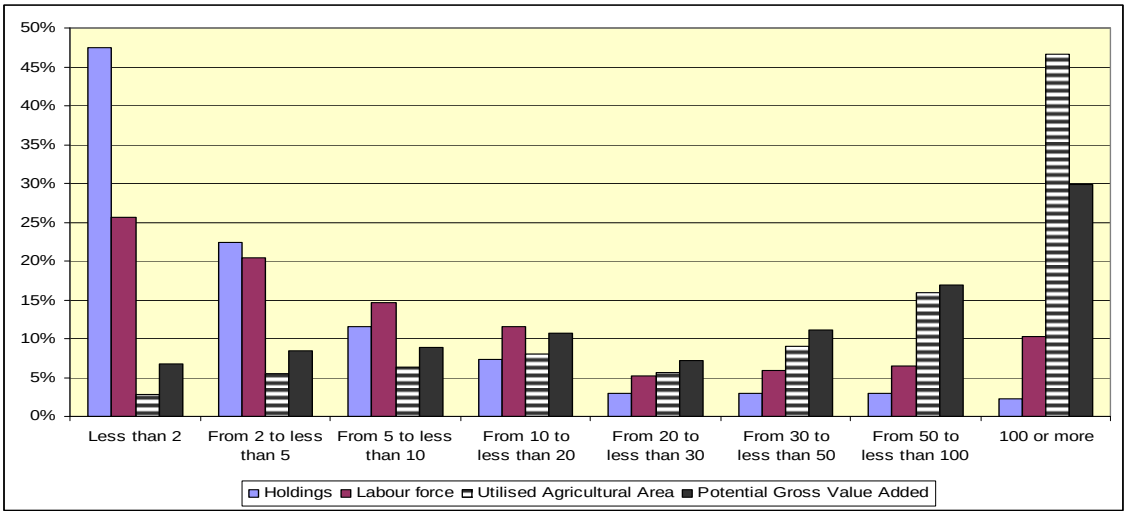
Graph 39 Total variation of area by type of utilisation (as % of total area of the farm) in EU - 1995-2007



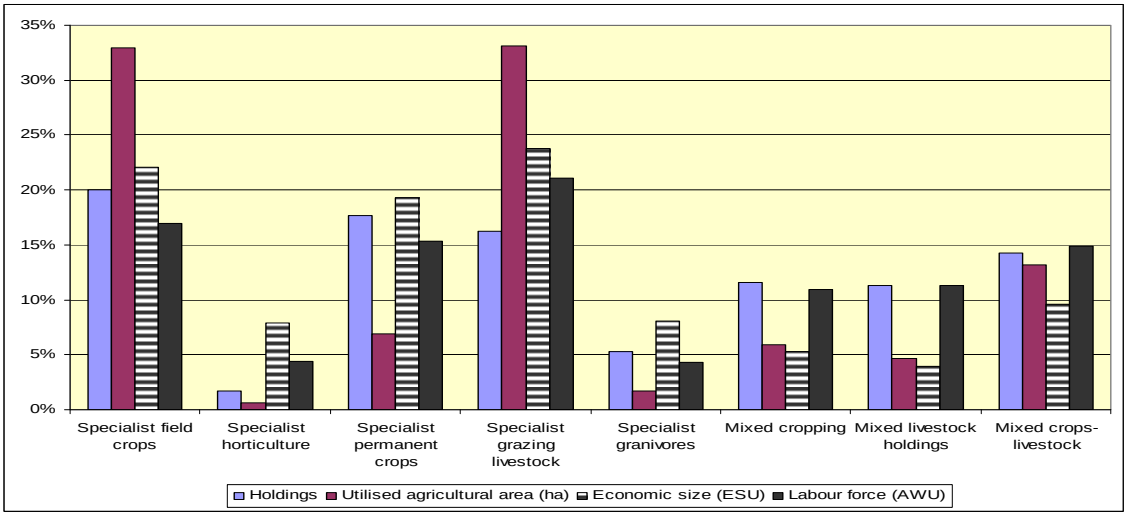
Graph 40 Change (in %) of the area by main groups of production in EU-15 – 1995-2007



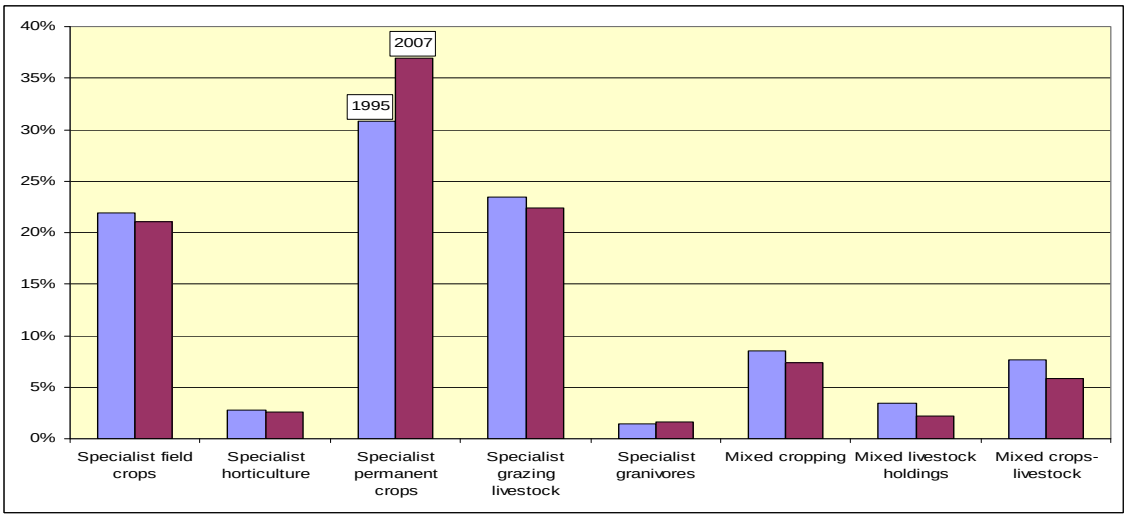
Graph 41 Distribution of the factors of production by farm size in area in EU-27 – 2007



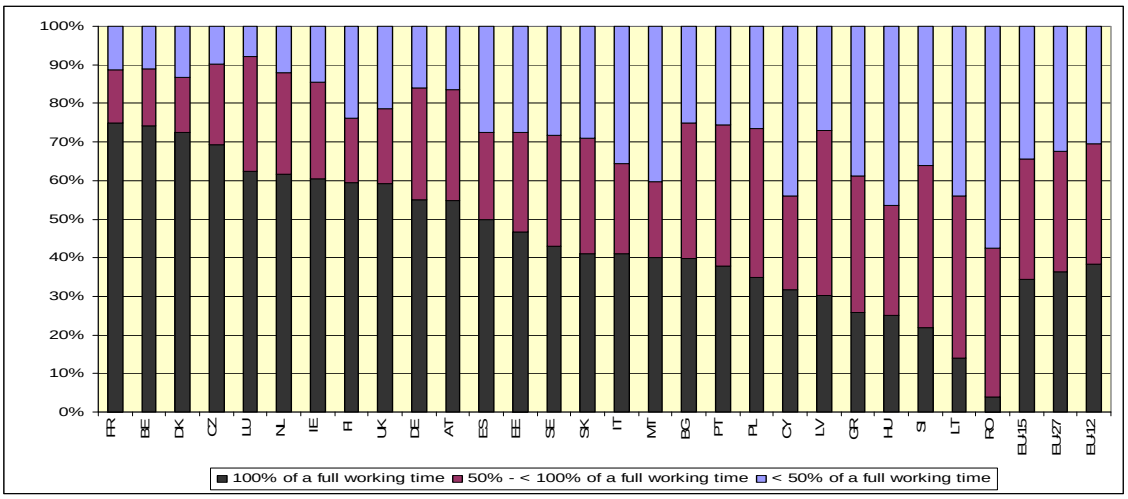
Graph 42 Distribution of the factors of production by type of farm in EU-27 – 2007



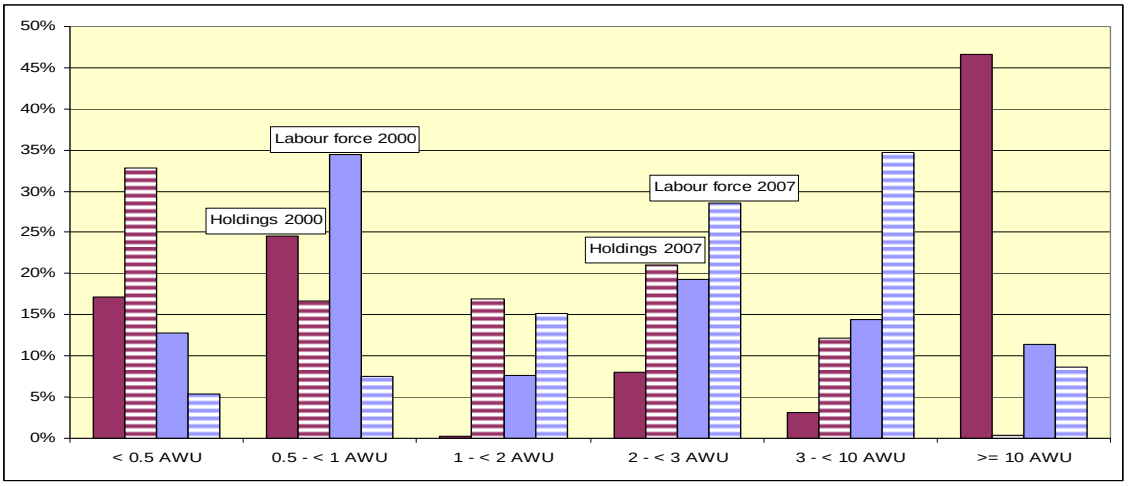
Graph 43 Evolution of distribution of holdings by type of farm in EU-15 1995-2007



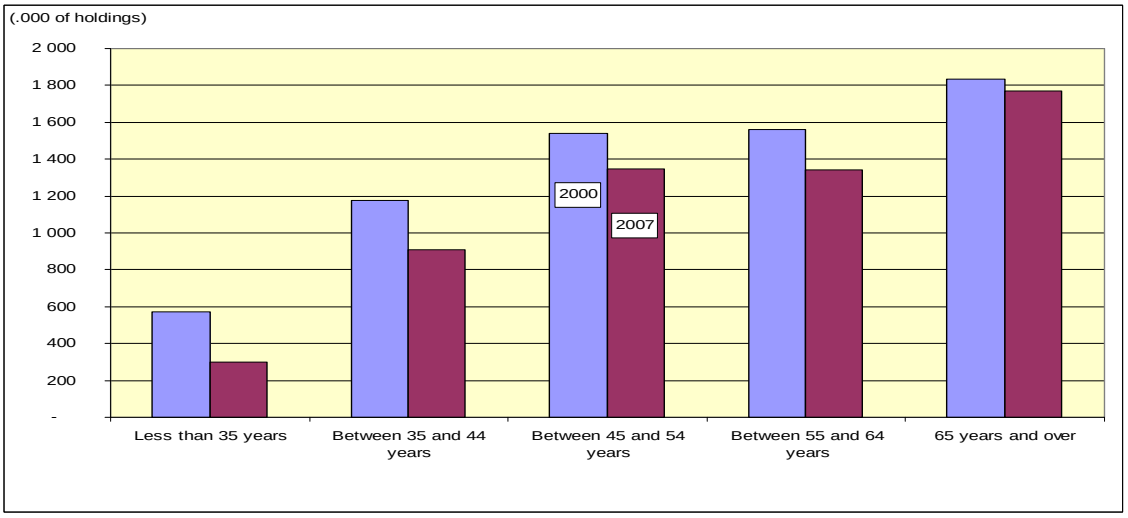
Graph 44 Distribution of the (family and non-family) labour force working regularly in agriculture according to working time in agriculture in the EU – 2007



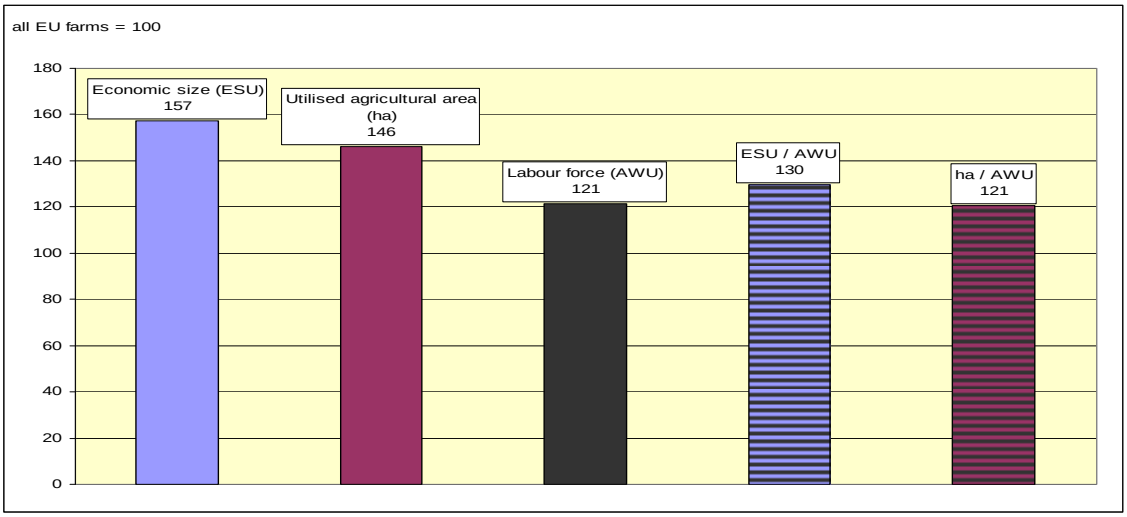
Graph 45 Development of the distributions of holdings and of labour force by category of level of labour force per holding in EU-15 – 2000-2007



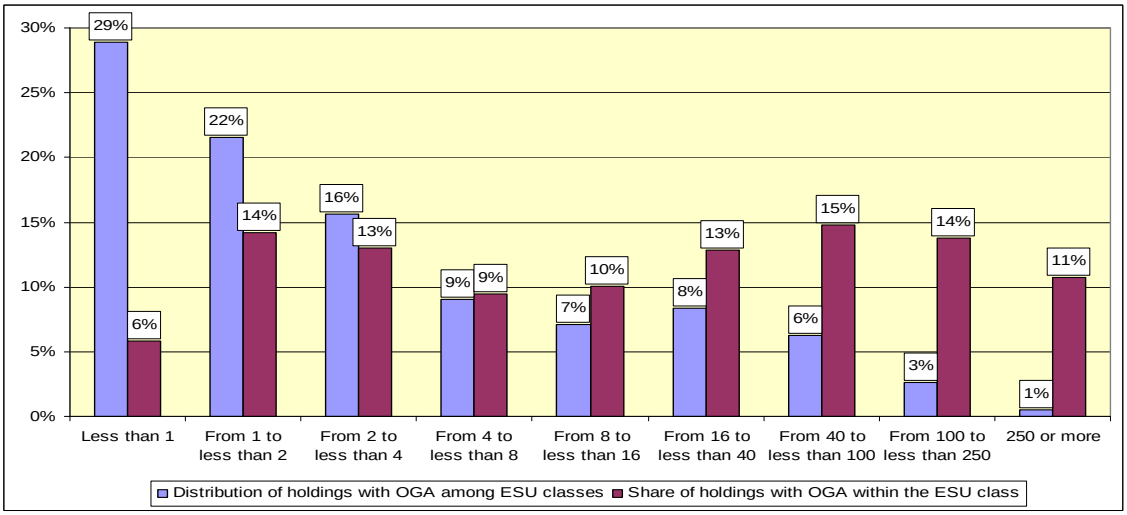
Graph 46 Number of holdings by category of age of the managers in EU-15 – 2000-2007



Graph 47 Average farm of managers with less than 45 years old in EU-27 – 2007 (All farms of EU-27 = 100)



Graph 48 Distribution of holdings with another gainful activity than agriculture by category of economic farm size and share of holdings with another gainful activity than agriculture within the categories of economic farm size in EU-27 – 2007



A.3 Information on rural areas

A revised urban-rural typology

The new typology builds on a simple two-step approach to identify population in urban areas:

- a population density threshold (300 inhabitants per km2) applied to grid cells of 1 km2;

- a minimum size threshold (5 000 inhabitants) applied to grouped grid cells above the density threshold

The population living in rural areas is the population living outside the urban areas identified through the method described above.

To determine the population size, the grid cells are grouped based on contiguity (including the diagonals); see below. If the central square is above the density threshold, it will be grouped with each of the other surrounding eight cells that exceed the density threshold.

The approach based on the 1 km2 population grid classifies 68% of the EU-27 population as living in urban areas and 32% as living in rural areas. This share is 5 percentage points higher than under the original OECD definition. However, the share of population in rural LAU2s (defined as MAU2s with at least 50% of the residents living in rural areas) is 28%, i.e. very similar to that of the OECD. This classification will be further refined in the future.

See also:

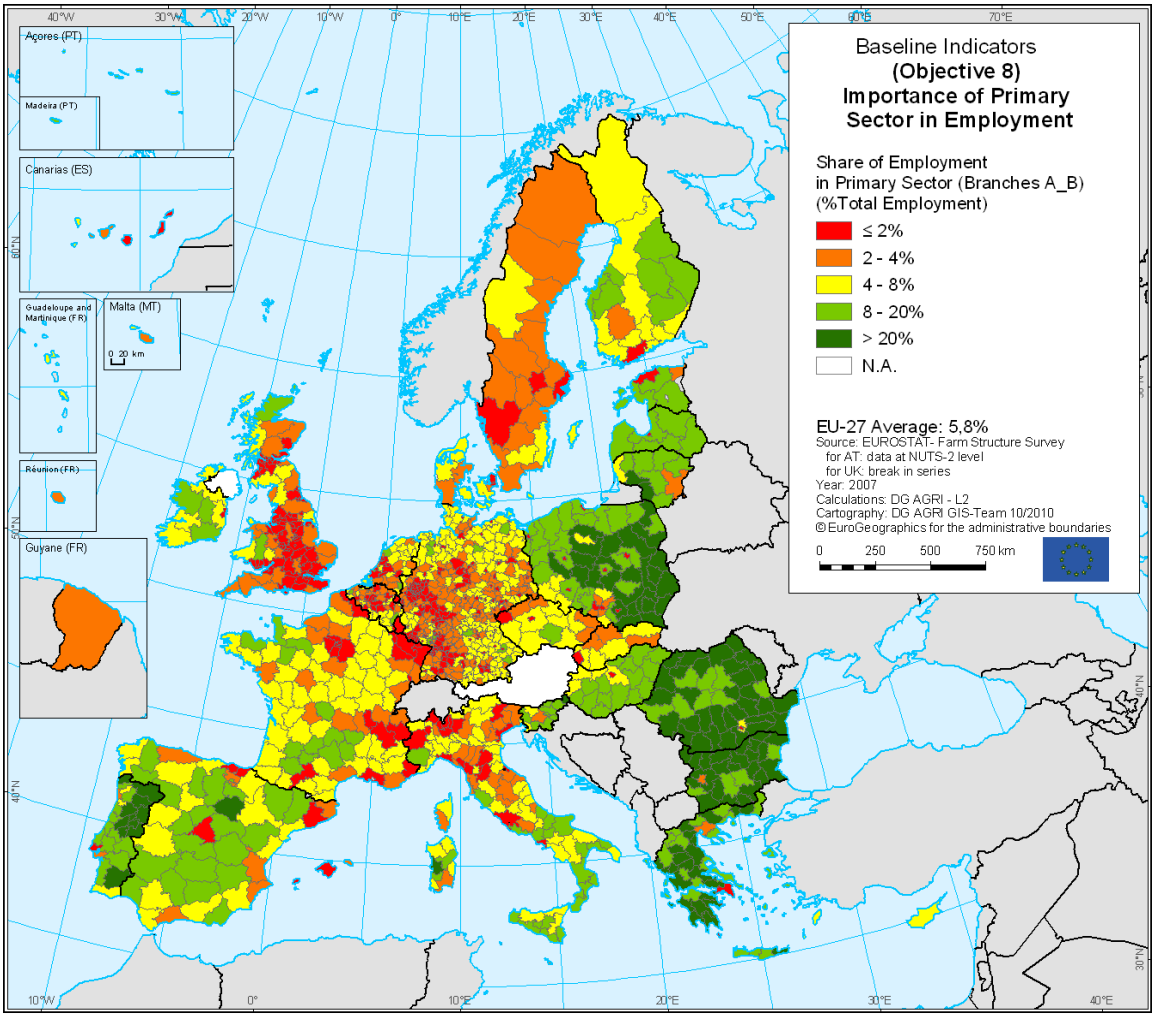
http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Urban-rural_typology

Table 2 Share of employment in the primary sector (NACE A_B: agriculture, hunting, forestry and fishing). 2007

CTRY	Predominantly Rural	Intermediate Region	Predominantly Urban	National	Number of Persons (in thousands)
BE	5.6	3.0	1.2	1.9	83.00
BG	28.8	21.5	2.3	19.6	731.60
CZ	5.6	3.2	1.9	3.6	187.60
DK	4.6	2.9	0.3	2.8	83.00
DE	4.6	2.6	0.9	2.1	845.60
EE	9.0	1.4		4.7	30.60
IE	7.9		0.5	5.5	116.90
GR	23.6	13.2	1.1	11.3	545.20
ES	11.9	5.9	1.7	4.5	925.30
FR	6.1	3.3	1.2	3.3	834.30
IT	7.9	4.6	1.3	4.0	1 013.90
CY		4.5		4.5	17.50
LV	16.2	14.4	4.1	9.7	108.40
LT	17.0	7.7	3.3	10.3	157.90
LU		1.7		1.6	5.50
HU	11.2	8.8	0.6	7.6	327.40
MT			2.6	2.4	4.30
NL	5.3	5.3	2.3	3.0	208.30
AT				5.4	2 236.30
PL	27.4	12.0	3.8	14.7	604.20
PT	23.2	13.3	2.7	11.2	2 839.90
RO	38.9	29.6	1.1	30.3	87.00
SI	13.4	6.1		9.0	79.80
SK	5.4	3.0	1.0	3.7	121.80
FI	8.6	4.5	0.6	4.9	100.20
SE	3.8	2.4	0.4	2.1	374.00
UK	7.1	2.4	0.7	1.7	231.30
EU-27	14.2	6.3	1.4	5.8	12 900.80
EU-15	8.8	3.8	1.2	3.4	6 092.50
EU-12	23.7	14.9	2.8	15.2	6 808.30

Source: Eurostat
Results at national level: Economic Accounts
Results by "Type of area": Economic Accounts.

Figure 1 Map of the importance of primary sector in employment



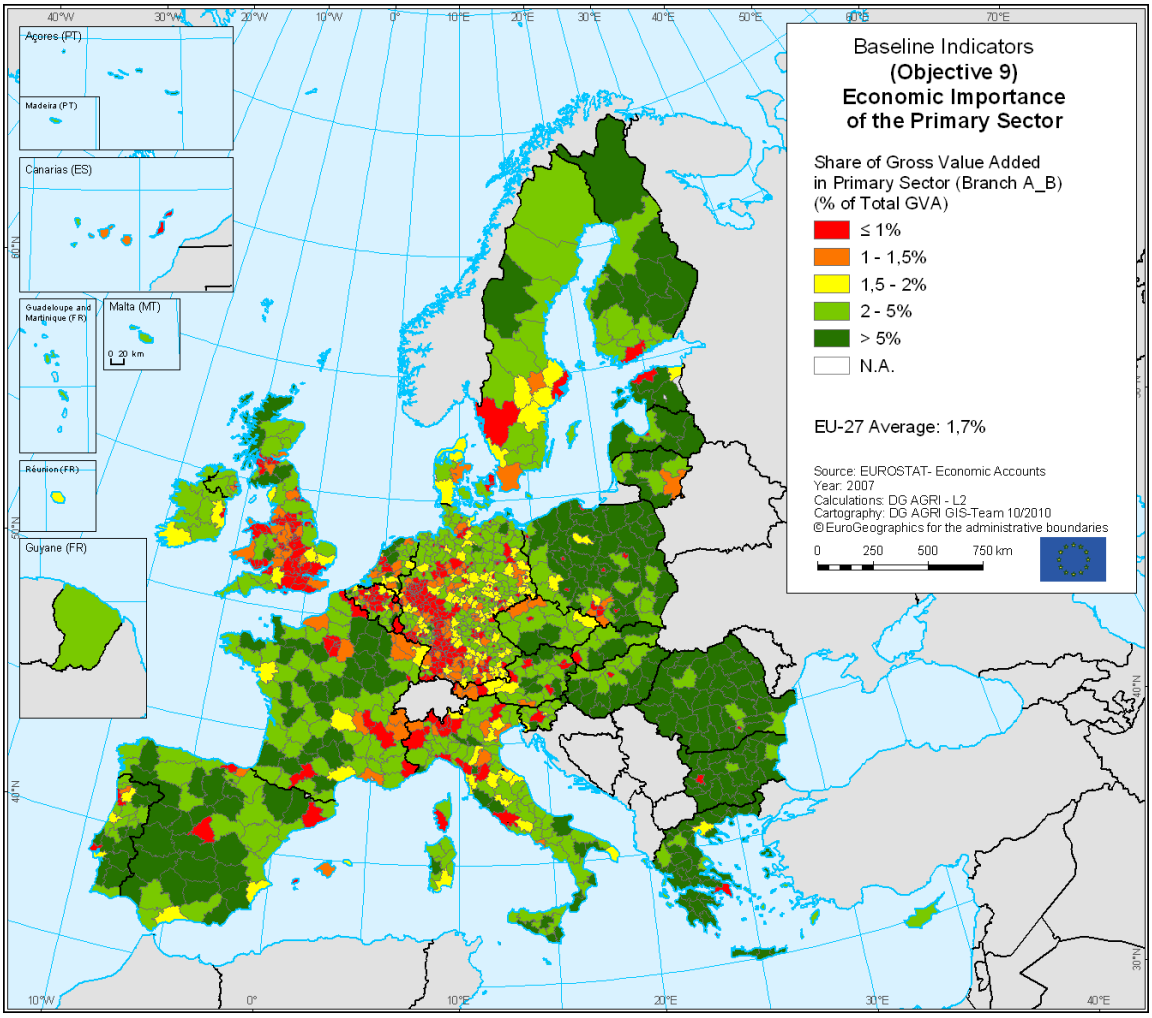
Source: DG AGRI – Rural Development in the European Union, Report 2010

Table 3 Share of the GVA in the primary sector (NACE A_B: agriculture, hunting, forestry and fishing). 2007

CTRY	Predominantly Rural	Intermediate Region	Predominantly Urban	National	Mio. Euro
BE	3.2	1.6	0.5	0.9	2 637.7
BG	12.7	7.4	0.3	6.2	1 547.5
CZ	4.5	2.3	1.1	2.5	2 819.6
DK	2.1	1.2	0.1	1.2	2 255.5
DE	2.2	1.2	0.3	0.9	20 940.0
EE	8.2	1.0		3.4	439.4
IE	2.5		0.1	1.5	2 380.7
GR	9.2	5.6	0.6	3.8	6 871.1
ES	8.3	3.7	1.0	2.7	27 201.0
FR	4.5	2.9	0.6	2.2	37 476.0
IT	3.7	2.6	0.7	2.1	28 480.6
CY		2.2		2.2	309.0
LV	9.2	6.5	1.2	3.6	667.9
LT	7.9	3.4	1.3	3.9	1 009.0
LU		0.4		0.4	134.9
HU	7.2	4.9	0.2	4.0	3 425.3
MT			2.5	2.5	116.6
NL	3.1	3.4	1.6	2.1	10 548.0
AT	4.0	1.2	0.5	1.8	4 332.5
PL	9.8	3.8	1.0	4.3	11 775.0
PT	5.4	3.6	0.7	2.5	3 583.3
RO	11.2	6.1	0.3	6.5	7 193.4
SI	4.1	1.6		2.5	760.7
SK	5.8	2.8	0.9	3.5	1 741.1
FI	6.2	3.0	0.4	3.2	4 723.0
SE	3.1	1.5	0.1	1.4	5 078.5
UK	4.8	1.8	0.4	0.8	13 598.6
EU-27	4.6	2.4	0.6	1.8	201 057.0
EU-15	4.1	2.2	0.6	1.7	169 252.6
EU-12	8.3	3.8	0.9	4.1	31 804.4

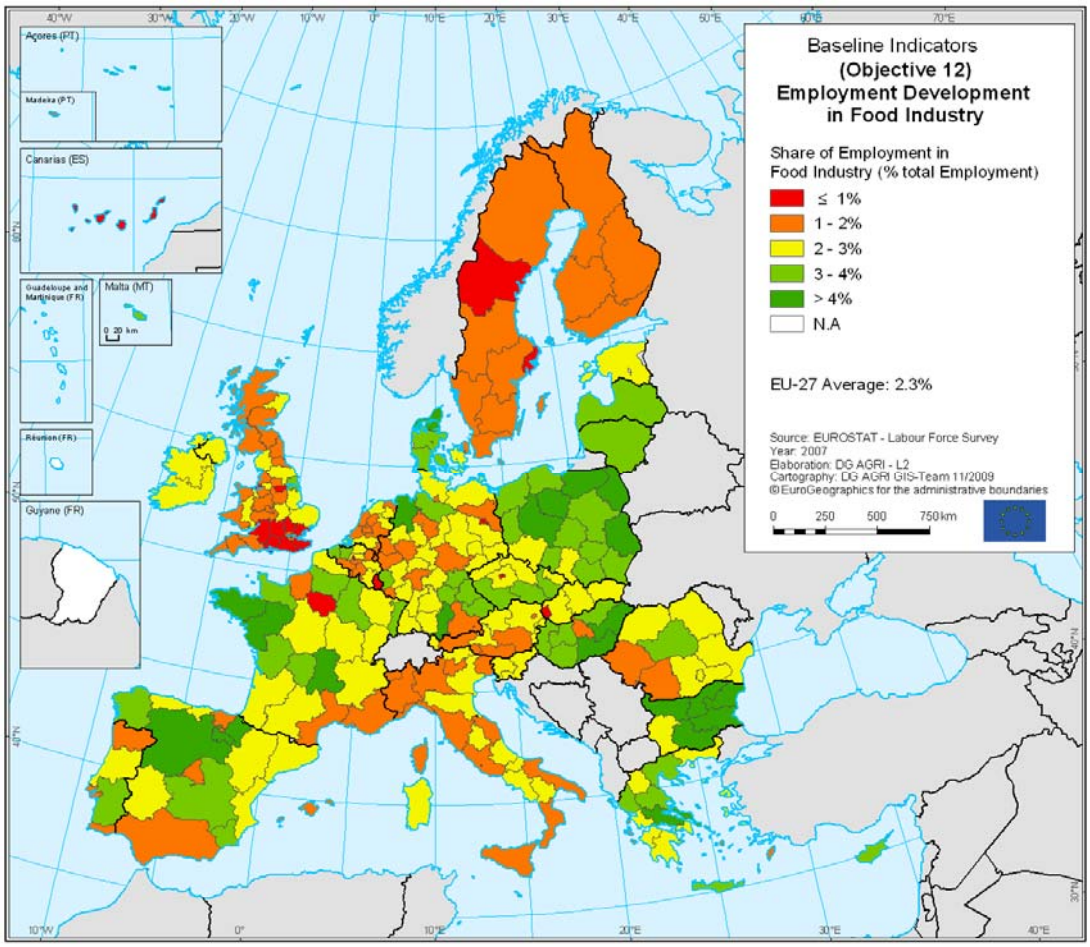
Source: Eurostat
Results at national level: Economic Accounts
Results by "Type of area": Economic Accounts.

Figure 2 Map of the importance of the primary sector in employment



Source: DG AGRI – Rural Development in the European Union, Report 2010

Figure 3 Map of employment in the food industry



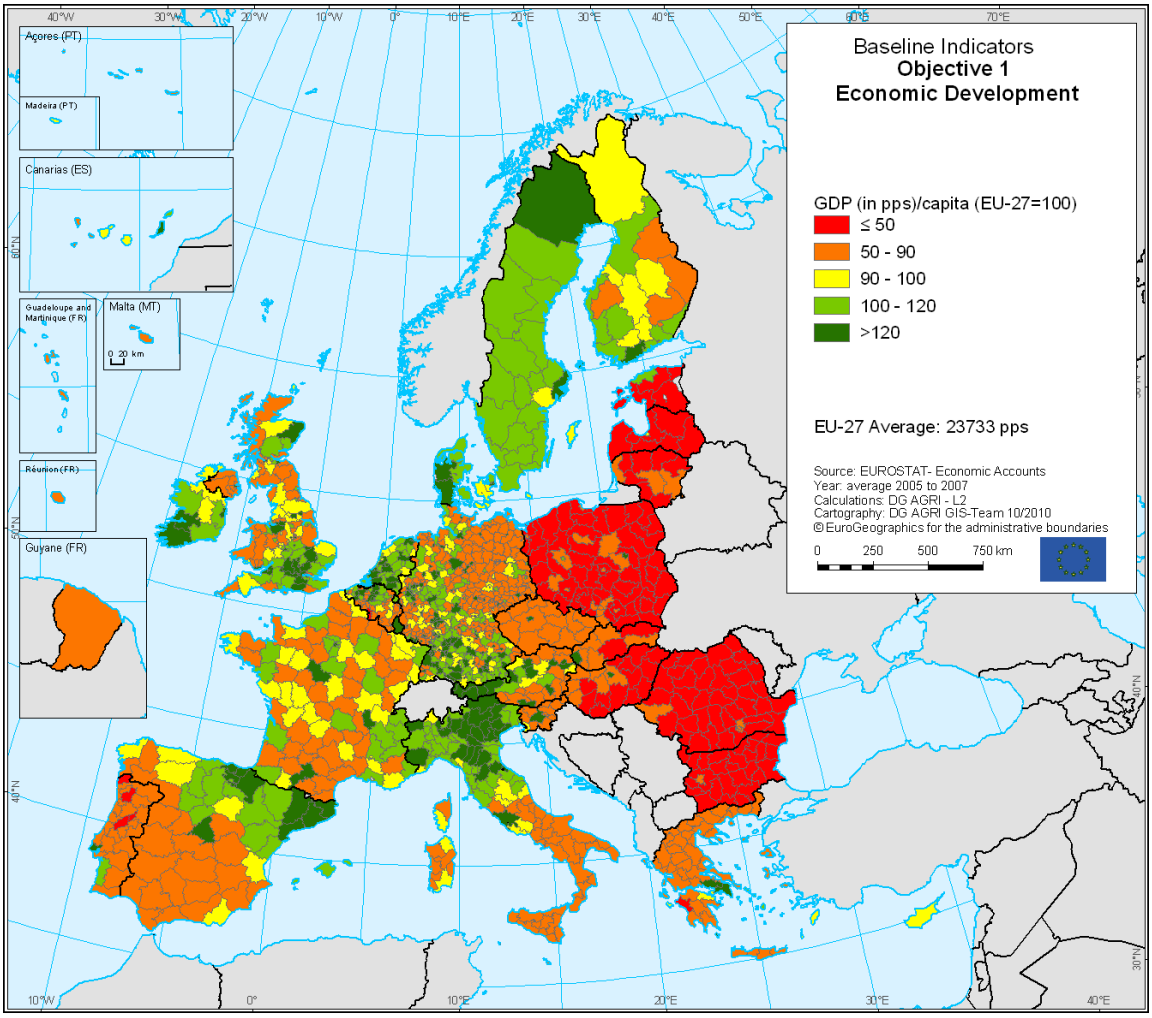
Source: DG AGRI – Rural Development in the European Union, Report 2009

Table 4 Income per inhabitant (index of EU-27 =100) – Average 2005, 2006 and 2007

CTRY	Predominantly Rural	Intermediate Region	Predominantly Urban	National
BE	74.2	92.8	131.5	117.3
BG	27.7	32.3	80.4	38.2
CZ	65.2	65.4	118.6	77.5
DK	110.5	137.2	126.5	122.6
DE	96.6	103.6	136.1	116.2
EE	44.4	85.7		65.7
IE	120.1		210.7	145.4
GR	70.2	78.0	115.6	92.0
ES	83.5	96.7	114.7	103.7
FR	87.4	95.9	139.5	109.0
IT	93.0	100.5	114.5	103.9
CY		91.4		91.4
LV	29.3	40.3	73.5	52.0
LT	39.4	55.2	85.7	55.9
LU		266.7		266.7
HU	46.0	50.0	136.3	62.6
MT			77.4	77.4
NL	152.5	117.9	136.4	131.3
AT	95.6	134.8	149.1	124.2
PL	38.0	48.2	77.1	52.5
PT	66.8	59.1	93.4	78.5
RO	28.5	38.1	84.7	38.5
SI	73.6	98.8		87.8
SK	51.3	54.5	151.5	63.8
FI	96.2	105.9	158.4	115.3
SE	108.3	112.6	167.8	123.2
UK	81.0	102.6	127.3	119.5
EU-27	72.3	90.2	124.5	23 733 pps
EU-15	90.7	102.2	128.7	112.2
EU-12	39.6	49.7	89.4	53.7

Source: Eurostat
Results at national level: Economic Accounts
Results by "Type of area": Economic Accounts and Demographic Statistics

Figure 4 Map of the economic development: GDP per capita at regional level



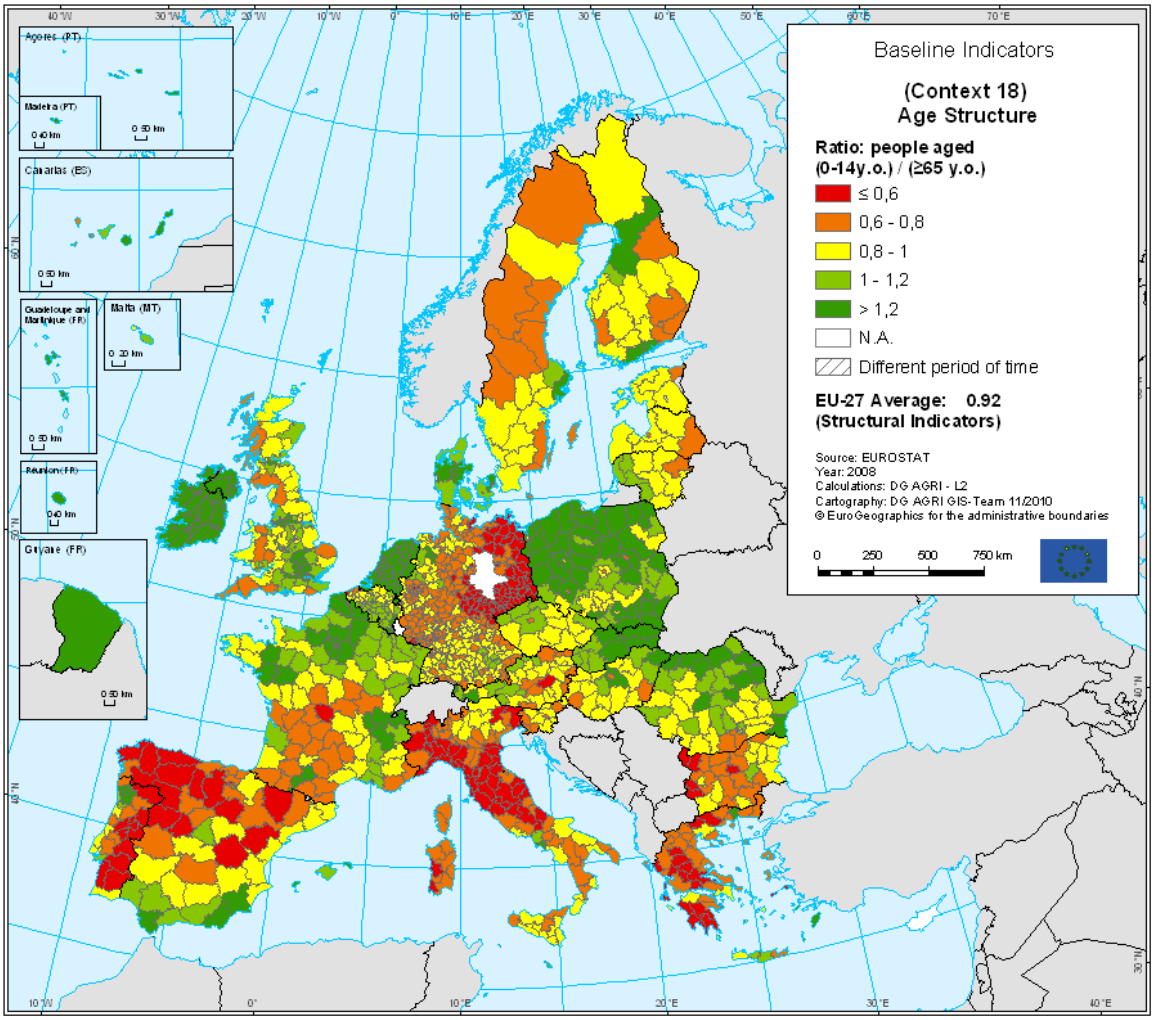
Source: DG AGRI – Rural Development in the European Union, Report 2010

Table 5 Population density (inhabitants/km^2) by type of area – 2007

CTRY	Predominantly Rural	Intermediate Region	Predominantly Urban	National
BE	89.4	262.5	686.5	349.6
BG	50.1	68.6	918.7	69.0
CZ	92.2	157.2	211.5	133.8
DK	75.7	168.5	2223.4	126.7
DE	101.3	190.7	826.9	230.4
EE	18.1	90.2		30.9
IE	46.7		1316.9	63.7
GR	44.9	73.8	705.2	85.6
ES	25.6	85.8	298.2	88.7
FR	44.8	132.1	443.4	100.9
IT	90.7	209.1	583.8	201.1
CY		84.8		84.8
LV	22.4	23.1	109.3	36.5
LT	36.2	84.3	90.0	53.9
LU		185.6		185.6
HU	77.4	116.2	3236.0	108.1
MT			1296.3	1296.3
NL	146.6	265.5	744.9	484.9
AT	54.5	139.9	386.6	99.9
PL	83.1	119.5	346.6	121.9
PT	49.8	202.0	768.7	115.2
RO	72.4	102.7	1272.9	93.7
SI	71.9	144.5		100.2
SK	94.0	114.6	296.6	110.1
FI	9.0	36.6	216.8	17.4
SE	9.6	27.4	296.6	22.3
UK	26.8	138.3	694.1	250.1
EU-27	48.3	119.3	513.9	115.3
EU-15	41.7	124.1	555.4	121.6
EU-12	67.4	105.6	314.0	96.5

Source: Eurostat
Results at national level: Demographic Statistics
Results by "Type of area": Demographic Statistics

Figure 5 Map of the Age structure (*)



Source: DG AGRI – Rural Development in the European Union, Report 2010

A.4 Medium-term perspectives for agricultural markets

Table A.4 1 Total cereal market projections for the EU, 2009-2020 (mio t)

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Usable production		**294.7**	**280.7**	**294.2**	**289.4**	**293.4**	**295.3**	**298.6**	**302.0**	**304.8**	**307.4**	**310.6**	**312.9**
of which	EU-15	212.2	200.0	211.5	207.5	209.9	210.9	212.8	214.8	216.4	217.8	219.7	220.9
	EU-12	82.6	80.7	82.7	81.9	83.5	84.5	85.8	87.2	88.4	89.6	90.9	92.0
Consumption		**279.5**	**277.9**	**276.0**	**277.9**	**280.6**	**283.5**	**287.5**	**290.6**	**293.6**	**296.5**	**298.8**	**300.9**
of which	EU-15	212.5	211.7	209.4	211.0	213.3	215.9	219.5	222.1	224.6	227.1	229.0	230.9
	EU-12	67.0	66.1	66.5	66.9	67.3	67.6	68.0	68.5	69.0	69.4	69.8	70.0
of which food and industrial		64.9	64.3	65.4	65.5	65.8	65.9	66.0	66.2	66.4	66.5	66.7	66.9
of which feed		172.3	170.6	166.5	168.3	169.1	169.4	169.5	169.7	170.1	171.4	171.4	172.3
of which bioenergy		7.8	8.7	9.1	9.1	10.7	13.3	16.9	19.9	22.1	24.0	25.6	26.4
Imports		8.0	8.6	9.0	10.6	10.4	10.4	10.6	10.7	11.2	11.5	11.5	11.5
Exports		27.2	28.9	28.1	23.2	22.6	22.3	22.4	22.6	22.4	22.1	22.5	22.5
Beginning stocks		57.1	53.1	36.7	35.6	34.6	35.1	35.0	34.1	33.4	33.1	33.2	33.8
Ending stocks		54.2	37.3	36.4	35.4	36.0	35.9	35.0	34.3	34.0	34.1	34.7	35.4
of which intervention		6.0	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: years refer to campaign years (e.g. 2009 refers to the marketing period of the Summer 2009 harvest, i.e. July 2009 to June 2010)

Table A.4 2 Total wheat market projections for the EU, 2009-2020 (mio t)

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Usable production		**138.5**	**135.9**	**146.4**	**141.1**	**143.2**	**143.4**	**145.3**	**147.1**	**148.6**	**149.7**	**151.3**	**152.3**
of which	EU-15	105.6	104.4	112.1	107.9	109.3	109.1	110.3	111.4	112.2	112.7	113.6	114.1
	EU-12	32.9	31.5	34.2	33.2	34.0	34.3	35.0	35.8	36.4	37.0	37.7	38.2
Consumption		**128.7**	**125.3**	**126.0**	**126.6**	**128.5**	**130.2**	**132.6**	**134.1**	**135.5**	**136.3**	**137.4**	**138.1**
of which	EU-15	104.4	102.3	102.2	102.8	104.4	105.9	108.1	109.4	110.6	111.2	112.2	112.8
	EU-12	24.3	23.1	23.8	23.8	24.1	24.3	24.5	24.7	24.9	25.0	25.2	25.2
of which food and industrial		55.4	54.9	55.9	56.0	56.3	56.3	56.4	56.6	56.8	56.9	57.1	57.2
of which feed		56.6	54.0	53.0	53.7	54.3	54.4	54.5	54.5	54.8	55.1	55.2	55.4
of which bioenergy		3.9	3.8	3.7	3.3	4.3	5.8	7.8	9.2	10.1	10.6	11.1	11.0
Imports		5.3	4.4	3.8	4.4	4.5	4.5	4.5	4.3	4.2	4.1	3.9	3.8
Exports		21.4	20.2	22.8	18.5	18.0	17.7	17.8	17.9	17.7	17.5	17.8	18.1
Beginning stocks		22.3	16.1	11.3	12.5	12.7	13.9	14.0	13.4	12.9	12.5	12.5	12.5
Ending stocks		17.2	11.9	13.3	13.6	14.8	14.9	14.3	13.8	13.4	13.4	13.4	13.4
of which intervention		0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: years refer to campaign years (e.g. 2009 refers to the marketing period of the Summer 2009 harvest, i.e. July 2009 to June 2010)

Table A.4 3 Total coarse grain projections for the EU, 2009-2020 (mio t)

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Usable production		**156.2**	**144.7**	**147.9**	**148.3**	**150.2**	**151.9**	**153.3**	**154.8**	**156.2**	**157.7**	**159.3**	**160.6**
of which	EU-15	106.6	95.6	99.3	99.6	100.7	101.7	102.5	103.4	104.2	105.1	106.1	106.8
	EU-12	49.6	49.1	48.5	48.8	49.5	50.2	50.8	51.4	52.0	52.6	53.2	53.8
Consumption		**150.8**	**152.5**	**149.9**	**151.3**	**152.0**	**153.3**	**155.0**	**156.6**	**158.1**	**160.3**	**161.4**	**162.9**
of which	EU-15	108.1	109.5	107.2	108.2	108.9	110.0	111.4	112.8	114.1	115.9	116.8	118.1
	EU-12	42.7	43.1	42.7	43.0	43.1	43.3	43.5	43.8	44.1	44.4	44.6	44.8
of which food and industrial		9.5	9.4	9.5	9.5	9.5	9.6	9.6	9.6	9.6	9.6	9.6	9.7
of which feed		115.7	116.5	113.5	114.6	114.8	115.1	115.0	115.1	115.4	116.3	116.2	116.9
of which bioenergy		3.9	4.9	5.4	5.8	6.4	7.5	9.2	10.7	12.0	13.3	14.5	15.4
Imports		2.8	4.3	5.2	6.2	6.0	5.9	6.1	6.4	7.0	7.4	7.6	7.7
Exports		5.7	8.7	5.3	4.6	4.7	4.7	4.7	4.7	4.7	4.5	4.8	4.4
Beginning stocks		34.7	37.0	25.3	23.1	21.8	21.2	21.0	20.6	20.5	20.6	20.7	21.2
Ending stocks		37.0	25.3	23.1	21.8	21.2	21.0	20.6	20.5	20.6	20.7	21.2	22.0
of which intervention		5.7	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: years refer to campaign years (e.g. 2009 refers to the marketing period of the Summer 2009 harvest, i.e. July 2009 to June 2010)

Table A.4 4 Soft wheat market projections for the EU, 2009-2020 (mio t)

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Usable production		**129.8**	**127.6**	**137.3**	**132.2**	**134.3**	**134.4**	**136.2**	**137.9**	**139.3**	**140.3**	**141.8**	**142.7**
of which	EU-15	97.0	96.2	103.2	99.2	100.5	100.3	101.3	102.3	103.0	103.5	104.3	104.7
	EU-12	32.8	31.4	34.0	33.0	33.8	34.1	34.9	35.6	36.2	36.8	37.5	38.0
Consumption		**118.8**	**115.9**	**116.4**	**116.8**	**118.7**	**120.3**	**122.7**	**124.2**	**125.6**	**126.4**	**127.4**	**128.1**
of which	EU-15	94.9	93.3	93.1	93.4	95.0	96.5	98.7	100.0	101.2	101.8	102.7	103.4
	EU-12	23.9	22.7	23.4	23.4	23.7	23.8	24.0	24.2	24.4	24.5	24.7	24.7
of which food and industrial		47.0	46.6	47.3	47.4	47.6	47.7	47.8	47.9	48.0	48.1	48.3	48.4
of which feed		56.0	53.7	52.7	53.3	53.9	54.0	54.2	54.2	54.4	54.8	54.8	55.1
of which bioenergy		3.9	3.8	3.7	3.3	4.3	5.8	7.8	9.2	10.1	10.6	11.1	11.0
Imports		3.1	2.5	2.0	2.5	2.5	2.6	2.6	2.6	2.5	2.4	2.3	2.3
Exports		20.4	18.9	21.7	17.5	17.0	16.6	16.7	16.8	16.6	16.4	16.6	17.0
Beginning stocks		22.3	16.1	11.3	12.5	12.7	13.9	14.0	13.4	12.9	12.5	12.5	12.5
Ending stocks		16.1	11.3	12.5	12.7	13.9	14.0	13.4	12.9	12.5	12.5	12.5	12.5
of which intervention		0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: years refer to campaign years (e.g. 2009 refers to the marketing period of the Summer 2009 harvest, i.e. July 2009 to June 2010)

Table A.4 5 Barley market projections for the EU, 2009-2020 (mio t)

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Usable production		**62.0**	**54.4**	**56.8**	**56.7**	**57.0**	**57.4**	**57.7**	**58.0**	**58.2**	**58.5**	**59.0**	**59.0**
of which	EU-15	50.7	44.3	46.3	46.1	46.4	46.6	46.7	46.9	47.0	47.2	47.5	47.4
	EU-12	11.3	10.1	10.5	10.6	10.7	10.8	10.9	11.1	11.2	11.3	11.4	11.5
Consumption		**54.7**	**55.6**	**54.5**	**54.7**	**54.6**	**54.7**	**54.8**	**54.9**	**54.9**	**55.3**	**55.2**	**55.4**
of which	EU-15	45.3	46.0	45.0	45.1	45.0	45.1	45.1	45.2	45.2	45.5	45.4	45.6
	EU-12	9.4	9.6	9.5	9.6	9.6	9.6	9.6	9.7	9.7	9.8	9.8	9.9
of which food and industrial		0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
of which feed		42.3	43.0	41.8	42.1	42.0	42.0	41.8	41.7	41.6	41.8	41.6	41.7
of which bioenergy		0.4	0.7	0.8	0.8	0.9	1.0	1.3	1.5	1.7	1.9	2.0	2.2
Imports		0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Exports		3.6	5.4	3.9	3.5	3.5	3.5	3.5	3.4	3.5	3.2	3.5	3.1
Beginning stocks		14.1	17.9	11.5	10.1	8.9	8.0	7.5	7.1	7.0	7.0	7.2	7.6
Ending stocks		17.9	11.5	10.1	8.9	8.0	7.5	7.1	7.0	7.0	7.2	7.6	8.2
of which intervention		5.5	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: years refer to campaign years (e.g. 2009 refers to the marketing period of the Summer 2009 harvest, i.e. July 2009 to June 2010)

Table A.4 6 Maize market projections for the EU, 2009-2020 (mio t)

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Usable production		**57.8**	**58.2**	**57.6**	**58.2**	**59.6**	**60.8**	**61.9**	**63.0**	**64.1**	**65.3**	**66.4**	**67.6**
of which	EU-15	37.1	35.1	35.9	36.4	37.3	38.1	38.8	39.5	40.2	40.9	41.6	42.4
	EU-12	20.8	23.1	21.7	21.8	22.3	22.7	23.1	23.5	23.9	24.3	24.7	25.2
Consumption		**60.7**	**62.9**	**62.0**	**62.9**	**63.8**	**64.8**	**66.3**	**67.7**	**69.1**	**70.7**	**72.0**	**73.2**
of which	EU-15	42.5	44.2	43.3	44.0	44.8	45.6	46.9	48.1	49.3	50.7	51.7	52.8
	EU-12	18.1	18.7	18.7	18.9	19.0	19.2	19.4	19.6	19.8	20.1	20.3	20.5
of which food and industrial		4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.9	4.9	4.9
of which feed		47.5	49.1	47.8	48.5	48.9	49.2	49.4	49.7	50.1	50.7	51.0	51.4
of which bioenergy		2.3	3.0	3.3	3.6	4.1	4.8	6.0	7.1	8.1	9.1	10.1	10.9
Imports		2.4	3.5	4.9	5.7	5.5	5.4	5.6	5.8	6.3	6.7	7.0	7.0
Exports		2.1	3.2	1.3	1.1	1.1	1.1	1.1	1.2	1.1	1.2	1.2	1.1
Beginning stocks		17.7	15.2	10.8	10.1	10.0	10.2	10.5	10.5	10.5	10.7	10.8	11.0
Ending stocks		15.2	10.8	10.1	10.0	10.2	10.5	10.5	10.5	10.7	10.8	11.0	11.2
of which intervention		0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: years refer to campaign years (e.g. 2009 refers to the marketing period of the Summer 2009 harvest, i.e. July 2009 to June 2010)

Table A.4 7 Total oilseeds market projections for the EU, 2009-2020 (mio t)

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Usable production		**29.6**	**28.9**	**29.4**	**30.0**	**30.3**	**30.8**	**31.2**	**31.6**	**32.1**	**32.5**	**33.0**	**33.3**
of which	EU-15	19.5	18.3	18.7	19.1	19.2	19.5	19.7	20.0	20.2	20.5	20.8	21.0
	EU-12	10.0	10.5	10.7	10.9	11.1	11.3	11.4	11.6	11.8	12.0	12.2	12.4
Consumption		**45.2**	**44.9**	**45.6**	**46.2**	**46.7**	**47.1**	**47.5**	**48.0**	**48.4**	**48.9**	**49.4**	**49.8**
of which	EU-15	38.7	38.4	39.1	39.6	39.9	40.2	40.7	41.0	41.4	41.8	42.2	42.6
	EU-12	6.5	6.5	6.6	6.7	6.7	6.8	6.9	7.0	7.0	7.1	7.2	7.3
Imports		16.5	16.3	16.8	16.8	16.9	16.8	16.9	16.9	16.9	16.9	17.0	17.0
Exports		0.8	0.7	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Beginning stocks		4.7	4.7	4.3	4.4	4.4	4.3	4.3	4.2	4.2	4.1	4.0	4.0
Ending stocks		4.7	4.3	4.4	4.4	4.3	4.3	4.2	4.2	4.1	4.0	4.0	3.9

Note: years refer to campaign years (e.g. 2009 refers to the marketing period of the Summer 2009 harvest, i.e. July 2009 to June 2010)

Table A.4 8 Total oilseed meals market projections for the EU, 2009-2020 (mio t)

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Usable production		**25.9**	**26.0**	**26.4**	**26.8**	**27.0**	**27.2**	**27.4**	**27.7**	**27.9**	**28.1**	**28.4**	**28.7**
of which	EU-15	22.6	22.6	23.1	23.3	23.5	23.7	23.9	24.1	24.3	24.5	24.7	24.9
	EU-12	3.3	3.4	3.4	3.4	3.5	3.5	3.6	3.6	3.6	3.7	3.7	3.8
Consumption		**50.4**	**50.4**	**51.1**	**51.6**	**51.9**	**52.3**	**52.7**	**53.1**	**53.5**	**53.8**	**54.2**	**54.6**
of which	EU-15	43.2	43.1	43.7	44.2	44.4	44.7	45.0	45.3	45.6	45.9	46.2	46.5
	EU-12	7.2	7.3	7.4	7.4	7.5	7.6	7.7	7.8	7.9	7.9	8.0	8.1
Imports		25.2	24.4	25.3	25.7	26.0	26.1	26.1	26.1	26.3	26.4	26.6	26.8
Exports		0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7
Beginning stocks		0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Ending stocks		0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2

Note: years refer to campaign years (e.g. 2009 refers to the marketing period of the Summer 2009 harvest, i.e. July 2009 to June 2010)

Table A.4 9 Total oilseed oils market projections for the EU, 2009-2020 (mio t)

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Usable production		**14.2**	**14.1**	**14.5**	**14.8**	**15.0**	**15.2**	**15.4**	**15.6**	**15.8**	**16.0**	**16.2**	**16.5**
of which	EU-15	11.9	11.7	12.2	12.4	12.5	12.7	12.9	13.0	13.2	13.4	13.6	13.8
	EU-12	2.4	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.6	2.6	2.6	2.7
Consumption		**16.0**	**16.3**	**16.5**	**16.7**	**17.1**	**17.4**	**17.7**	**17.9**	**18.2**	**18.3**	**18.3**	**18.1**
of which	EU-15	13.7	13.9	14.1	14.4	14.8	15.0	15.3	15.5	15.7	15.9	15.9	15.7
	EU-12	2.3	2.3	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.5	2.4	2.4
Imports		2.4	2.6	2.5	2.5	2.7	2.9	3.1	3.3	3.3	3.4	3.1	2.7
Exports		0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.6	0.6
Beginning stocks		0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Ending stocks		0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9

Note: years refer to campaign years (e.g. 2009 refers to the marketing period of the Summer 2009 harvest, i.e. July 2009 to June 2010)

Table A.4 10 Total vegetable oils market projections for the EU, 2009-2020 (mio t)

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Usable production		**14.2**	**14.1**	**14.5**	**14.8**	**15.0**	**15.2**	**15.4**	**15.6**	**15.8**	**16.0**	**16.2**	**16.5**
of which	EU-15	11.9	11.7	12.2	12.4	12.5	12.7	12.9	13.0	13.2	13.4	13.6	13.8
	EU-12	2.4	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.6	2.6	2.6	2.7
Consumption		**23.5**	**23.8**	**24.2**	**24.6**	**25.2**	**25.7**	**26.2**	**26.6**	**27.0**	**27.3**	**27.4**	**27.3**
of which	EU-15	20.8	21.2	21.5	21.9	22.4	22.9	23.4	23.7	24.1	24.3	24.4	24.3
	EU-12	2.6	2.7	2.7	2.7	2.8	2.8	2.9	2.9	2.9	3.0	3.0	3.0
of which bioenergy		8.9	9.1	9.5	9.9	10.4	10.8	11.4	11.7	12.1	12.3	12.4	12.1
Imports		9.9	10.3	10.4	10.5	11.0	11.3	11.8	12.1	12.4	12.5	12.3	12.0
Exports		0.9	0.7	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Beginning stocks		1.1	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Ending stocks		1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1

Note: years refer to campaign years (e.g. 2009 refers to the marketing period of the Summer 2009 harvest, i.e. July 2009 to June 2010)

Table A.4 11 Area under arable crops in the EU, 2009-2020 (mio ha)

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cereals		**58.5**	**56.3**	**57.7**	**57.1**	**57.4**	**57.4**	**57.6**	**57.8**	**57.9**	**58.0**	**58.2**	**58.3**
of which	EU-15	35.5	34.3	35.1	34.8	34.9	34.9	35.0	35.1	35.2	35.3	35.4	35.4
	EU-12	23.1	22.0	22.5	22.3	22.5	22.5	22.6	22.7	22.7	22.8	22.9	22.9
Soft wheat		22.9	23.0	23.8	23.3	23.5	23.4	23.5	23.7	23.8	23.8	23.9	24.0
Durum wheat		2.8	2.9	2.9	2.9	2.9	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Barley		13.9	12.4	12.8	12.8	12.8	12.8	12.8	12.7	12.7	12.7	12.7	12.7
Maize		8.4	8.1	8.1	8.3	8.4	8.5	8.6	8.7	8.8	9.0	9.1	9.2
Rye		2.8	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.5	2.5	2.5	2.5
Other cereals		7.7	7.3	7.4	7.3	7.3	7.3	7.3	7.2	7.2	7.2	7.2	7.1
Oilseeds		**10.8**	**10.9**	**10.8**	**10.9**	**10.9**	**11.0**	**11.0**	**11.0**	**11.0**	**11.0**	**11.1**	**11.1**
of which	EU-15	6.0	5.9	5.9	6.0	5.9	6.0	6.0	6.0	6.0	6.0	6.0	6.0
	EU-12	4.8	5.0	4.9	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Rapeseed		6.5	6.9	6.9	7.0	7.0	7.1	7.1	7.1	7.2	7.2	7.3	7.3
Sunseed		3.9	3.7	3.6	3.6	3.6	3.5	3.5	3.5	3.5	3.4	3.4	3.4
Soyabeans		0.3	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4
Sugar beet		**1.5**	**1.4**	**1.4**	**1.4**	**1.4**	**1.4**	**1.4**	**1.4**	**1.4**	**1.4**	**1.3**	**1.3**
Protein crops		**0.9**	**1.1**	**1.1**	**1.1**	**1.1**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**
Total selected arable crops		**71.8**	**69.8**	**71.0**	**70.5**	**70.7**	**70.8**	**71.0**	**71.2**	**71.3**	**71.4**	**71.6**	**71.6**
Total utilized agricultural area		**188.8**	**188.3**	**187.7**	**187.2**	**186.6**	**186.1**	**185.5**	**185.0**	**184.4**	**183.9**	**183.3**	**182.8**

Note: years refer to campaign years (e.g. 2009 refers to the marketing period of the Summer 2009 harvest, i.e. July 2009 to June 2010)

Table A.4 12 Beef and veal market projections for the EU, 2009–2020 ('000 t cwe)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Gross Indigenous Production	**7 995**	**7 956**	**7 745**	**7 594**	**7 659**	**7 791**	**7 750**	**7 647**	**7 529**	**7 492**	**7 445**	**7 425**
of which EU15	7 149	7 124	6 951	6 818	6 874	6 990	6 966	6 888	6 789	6 759	6 718	6 701
of which EU12	847	833	794	775	784	801	784	758	740	733	727	724
Imports of live animals	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Exports of live animals	**61**	**89**	**88**	**84**	**80**	**77**	**75**	**73**	**71**	**69**	**66**	**64**
Net Production	**7 936**	**7 868**	**7 657**	**7 510**	**7 579**	**7 714**	**7 675**	**7 574**	**7 458**	**7 424**	**7 379**	**7 361**
Imports (meat)	**428**	**438**	**473**	**507**	**545**	**560**	**558**	**574**	**592**	**602**	**614**	**619**
Exports (meat)	**124**	**136**	**127**	**119**	**113**	**112**	**108**	**100**	**95**	**90**	**84**	**78**
Consumption	**8 240**	**8 151**	**8 055**	**7 957**	**7 997**	**8 086**	**8 060**	**8 014**	**7 939**	**7 925**	**7 906**	**7 899**
of which EU15	7 657	7 568	7 499	7 402	7 427	7 506	7 482	7 440	7 369	7 355	7 335	7 326
of which EU12	583	583	556	556	569	580	578	574	571	571	570	572
per capita consumption (kg)	**16.55**	**16.35**	**15.96**	**15.69**	**15.87**	**16.11**	**15.99**	**15.80**	**15.58**	**15.50**	**15.42**	**15.37**
of which EU15	19.42	19.09	18.83	18.50	18.48	18.60	18.47	18.30	18.06	17.96	17.86	17.79
of which EU12	5.64	5.65	5.39	5.39	5.53	5.63	5.62	5.59	5.56	5.57	5.57	5.60

Table A.4 13 Pig meat market projections for the EU, 2009–2020 ('000 t cwe)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Gross Indigenous Production	**22 186**	**22 333**	**21 836**	**22 491**	**23 060**	**23 062**	**22 880**	**23 083**	**23 455**	**23 508**	**23 455**	**23 725**
of which EU15	18 836	18 976	18 609	19 170	19 680	19 736	19 638	19 825	20 154	20 235	20 228	20 466
of which EU12	3 350	3 356	3 227	3 322	3 380	3 326	3 242	3 257	3 301	3 273	3 227	3 260
Imports of live animals	**0**	**1**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Exports of live animals	**120**	**79**	**81**	**67**	**67**	**67**	**67**	**67**	**67**	**66**	**66**	**66**
Net Production	**22 066**	**22 255**	**21 756**	**22 425**	**22 994**	**22 995**	**22 813**	**23 016**	**23 388**	**23 442**	**23 389**	**23 659**
Imports (meat)	**39**	**37**	**35**	**41**	**44**	**41**	**41**	**41**	**41**	**42**	**41**	**41**
Exports (meat)	**1 538**	**1 657**	**1 641**	**1 570**	**1 509**	**1 407**	**1 321**	**1 271**	**1 252**	**1 214**	**1 195**	**1 185**
Consumption	**20 600**	**20 445**	**20 150**	**20 896**	**21 439**	**21 610**	**21 533**	**21 730**	**22 001**	**22 029**	**22 033**	**22 265**
of which EU15	16 333	16 217	15 973	16 651	17 137	17 299	17 226	17 420	17 667	17 695	17 700	17 909
of which EU12	4 267	4 228	4 177	4 246	4 302	4 311	4 307	4 311	4 334	4 334	4 334	4 355
per capita consumption (kg)	**41.39**	**40.92**	**40.18**	**41.52**	**42.46**	**42.66**	**42.39**	**42.66**	**43.08**	**43.03**	**42.95**	**43.31**
of which EU15	41.41	40.91	40.10	41.61	42.64	42.87	42.52	42.84	43.30	43.22	43.10	43.48
of which EU12	41.29	40.94	40.49	41.18	41.75	41.87	41.87	41.95	42.22	42.27	42.32	42.60

Table A.4 14 Poultry meat market projections for the EU, 2009–2020 (‘000 t cwe)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Gross Indigenous Production	**11 663**	**11 646**	**11 922**	**11 996**	**12 058**	**12 116**	**12 181**	**12 256**	**12 352**	**12 387**	**12 448**	**12 466**
of which EU15	8 939	8 932	9 145	9 209	9 256	9 298	9 345	9 399	9 476	9 498	9 570	9 582
of which EU12	2 724	2 714	2 777	2 786	2 803	2 818	2 836	2 856	2 876	2 888	2 878	2 884
Imports of live animals	**0**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Exports of live animals	**7**	**7**	**8**	**8**	**8**	**8**	**8**	**8**	**7**	**7**	**7**	**7**
Net Production	**11 657**	**11 639**	**11 915**	**11 989**	**12 052**	**12 109**	**12 174**	**12 249**	**12 346**	**12 380**	**12 442**	**12 460**
Imports (meat)	**849**	**814**	**796**	**794**	**815**	**811**	**829**	**845**	**856**	**871**	**880**	**891**
Exports (meat)	**940**	**878**	**966**	**951**	**908**	**889**	**844**	**810**	**790**	**761**	**768**	**736**
Consumption	**11 572**	**11 584**	**11 753**	**11 832**	**11 970**	**12 057**	**12 204**	**12 338**	**12 464**	**12 559**	**12 630**	**12 707**
of which EU15	8 896	8 916	9 047	9 103	9 226	9 296	9 437	9 560	9 676	9 762	9 824	9 894
of which EU12	2 677	2 668	2 706	2 729	2 744	2 761	2 767	2 777	2 789	2 797	2 806	2 813
per capita consumption (kg)	**23.25**	**23.18**	**23.44**	**23.51**	**23.71**	**23.80**	**24.02**	**24.22**	**24.41**	**24.53**	**24.62**	**24.72**
of which EU15	22.56	22.49	22.71	22.75	22.96	23.03	23.29	23.51	23.71	23.85	23.92	24.02
of which EU12	25.90	25.84	26.23	26.47	26.63	26.82	26.90	27.03	27.17	27.28	27.40	27.51

Table A.4 15 Sheep and goat meat market projections for the EU, 2009–2020 (‘000 t cwe)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Gross Indigenous Production	**878**	**854**	**844**	**824**	**812**	**818**	**803**	**796**	**794**	**785**	**785**	**777**
of which EU15	791	771	762	742	732	738	725	718	716	707	707	700
of which EU12	87	82	82	82	80	80	79	78	78	77	77	77
Imports of live animals	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Exports of live animals	**4**	**7**	**13**	**12**	**11**	**11**	**12**	**11**	**12**	**12**	**12**	**12**
Net Production	**874**	**847**	**831**	**812**	**800**	**807**	**791**	**785**	**782**	**773**	**772**	**765**
Imports (meat)	**271**	**266**	**262**	**269**	**271**	**266**	**266**	**272**	**265**	**265**	**259**	**259**
Exports (meat)	**8**	**11**	**17**	**16**	**16**	**15**	**16**	**15**	**16**	**16**	**16**	**16**
Consumption	**1 137**	**1 101**	**1 076**	**1 064**	**1 058**	**1 055**	**1 042**	**1 042**	**1 032**	**1 023**	**1 016**	**1 009**
of which EU15	1 057	1 023	998	986	982	979	966	967	957	950	943	936
of which EU12	80	79	78	78	76	76	76	75	74	74	74	73
per capita consumption (kg)	**2.28**	**2.20**	**2.15**	**2.11**	**2.10**	**2.08**	**2.05**	**2.04**	**2.02**	**2.00**	**1.98**	**1.96**
of which EU15	2.68	2.58	2.50	2.46	2.44	2.43	2.39	2.38	2.35	2.32	2.30	2.27
of which EU12	0.78	0.76	0.76	0.76	0.74	0.74	0.73	0.73	0.72	0.72	0.72	0.72

Table A.4 16 Aggregate meat market projections for the EU, 2009–2020 ('000 t cwe)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Gross Indigenous Production	**42 722**	**42 789**	**42 346**	**42 904**	**43 590**	**43 787**	**43 614**	**43 781**	**44 130**	**44 171**	**44 133**	**44 394**
of which EU15	35 715	35 804	35 467	35 940	36 543	36 763	36 673	36 831	37 135	37 200	37 224	37 449
of which EU12	7 007	6 986	6 880	6 965	7 047	7 024	6 941	6 950	6 995	6 971	6 909	6 945
Imports of live animals	**2**	**2**	**2**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Exports of live animals	**191**	**182**	**189**	**170**	**166**	**163**	**161**	**158**	**157**	**154**	**152**	**150**
Net Production	**42 533**	**42 609**	**42 159**	**42 736**	**43 425**	**43 626**	**43 454**	**43 624**	**43 974**	**44 019**	**43 982**	**44 245**
Imports (meat)	**1 586**	**1 554**	**1 566**	**1 612**	**1 674**	**1 678**	**1 694**	**1 732**	**1 754**	**1 780**	**1 794**	**1 810**
Exports (meat)	**2 610**	**2 683**	**2 750**	**2 655**	**2 545**	**2 424**	**2 289**	**2 197**	**2 153**	**2 080**	**2 063**	**2 015**
Consumption	**41 549**	**41 281**	**41 033**	**41 750**	**42 464**	**42 807**	**42 840**	**43 123**	**43 436**	**43 536**	**43 585**	**43 879**
of which EU15	33 942	33 723	33 516	34 141	34 773	35 080	35 111	35 386	35 669	35 761	35 802	36 065
of which EU12	7 607	7 558	7 517	7 609	7 691	7 727	7 728	7 737	7 767	7 775	7 783	7 814
per capita consumption (kg)	**83.48**	**82.65**	**81.72**	**82.84**	**84.13**	**84.67**	**84.46**	**84.72**	**85.08**	**85.07**	**84.96**	**85.36**
of which EU15	86.07	85.07	84.14	85.32	86.52	86.93	86.67	87.02	87.41	87.35	87.18	87.56
of which EU12	73.60	73.19	72.86	73.80	74.65	75.06	75.13	75.29	75.66	75.83	76.02	76.43
of which Beef and Veal meat	16.55	16.35	15.96	15.69	15.87	16.11	15.99	15.80	15.58	15.50	15.42	15.37
of which Sheep and Goat meat	2.28	2.20	2.15	2.11	2.10	2.08	2.05	2.04	2.02	2.00	1.98	1.96
of which Pig meat	41.39	40.92	40.18	41.52	42.46	42.66	42.39	42.66	43.08	43.03	42.95	43.31
of which Poultry meat	23.25	23.18	23.44	23.51	23.71	23.80	24.02	24.22	24.41	24.53	24.62	24.72

Table A.4 17 Milk production, deliveries and dairy herd in the EU, 2009–2020

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Dairy cows (mio heads)	**23.7**	**23.7**	**23.5**	**23.4**	**23.2**	**23.0**	**22.9**	**22.7**	**22.6**	**22.4**	**22.3**	**22.1**
of which EU15	17.9	18.0	17.9	17.8	17.7	17.6	17.6	17.5	17.5	17.4	17.4	17.3
of which EU12	5.8	5.7	5.6	5.6	5.5	5.3	5.3	5.2	5.1	5.0	4.9	4.8
Milk yield (kg/dairy cow)	**6 256**	**6 284**	**6 379**	**6 422**	**6 484**	**6 557**	**6 633**	**6 707**	**6 747**	**6 808**	**6 887**	**6 965**
of which EU15	6 738	6 773	6 865	6 900	6 947	7 007	7 091	7 155	7 170	7 215	7 281	7 347
of which EU12	4 780	4 744	4 837	4 893	4 980	5 069	5 100	5 180	5 283	5 380	5 487	5 591
Milk production (mio t)	**148.5**	**148.6**	**149.9**	**150.0**	**150.4**	**150.7**	**151.7**	**152.1**	**152.4**	**152.6**	**153.3**	**153.9**
of which EU15	120.6	121.6	122.7	122.8	123.2	123.7	124.8	125.4	125.7	125.9	126.4	127.0
of which EU12	27.9	27.1	27.3	27.2	27.2	27.1	26.8	26.7	26.7	26.8	26.8	26.9
Delivered to dairies (mio t)	**133.6**	**133.9**	**135.4**	**135.6**	**136.0**	**136.4**	**137.4**	**137.9**	**138.3**	**138.6**	**139.3**	**140.0**
of which EU15	115.3	116.4	117.6	117.8	118.2	118.6	119.8	120.4	120.7	120.8	121.4	122.0
of which EU12	18.3	17.5	17.8	17.8	17.8	17.8	17.6	17.6	17.7	17.8	17.9	18.0
On-farm use and direct sales (mio t)	**14.9**	**14.7**	**14.6**	**14.5**	**14.4**	**14.3**	**14.3**	**14.2**	**14.1**	**14.0**	**13.9**	**13.9**
of which EU15	5.3	5.2	5.1	5.1	5.1	5.1	5.1	5.0	5.0	5.0	5.0	5.0
of which EU12	9.6	9.5	9.5	9.4	9.4	9.3	9.2	9.1	9.1	9.0	8.9	8.9
Fat content of milk (in %)	**4.03**	**4.04**	**4.04**	**4.04**	**4.04**	**4.04**	**4.04**	**4.03**	**4.03**	**4.03**	**4.03**	**4.03**
Non-fat solid content of milk (in %)	**9.28**	**9.29**	**9.29**	**9.29**	**9.29**	**9.29**	**9.29**	**9.29**	**9.29**	**9.29**	**9.29**	**9.29**

Table A.4 18 Cheese market projections for the EU, 2009–2020 ('000 t)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Production	**8 721**	**8 811**	**8 934**	**8 990**	**9 057**	**9 134**	**9 242**	**9 340**	**9 411**	**9 465**	**9 537**	**9 607**
of which EU15	7 583	7 685	7 766	7 797	7 847	7 909	7 993	8 066	8 116	8 150	8 199	8 249
of which EU12	1 138	1 126	1 167	1 193	1 210	1 225	1 250	1 274	1 294	1 315	1 337	1 359
Imports	**84**	**88**	**73**	**84**	**73**	**70**	**75**	**68**	**68**	**74**	**76**	**79**
Exports	**577**	**539**	**594**	**597**	**579**	**580**	**603**	**607**	**596**	**593**	**593**	**599**
Consumption	**8 228**	**8 360**	**8 413**	**8 476**	**8 551**	**8 624**	**8 714**	**8 802**	**8 882**	**8 945**	**9 019**	**9 088**
of which EU15	7 133	7 234	7 267	7 313	7 366	7 418	7 482	7 542	7 600	7 642	7 693	7 739
of which EU12	1 095	1 126	1 146	1 163	1 185	1 206	1 232	1 259	1 282	1 303	1 326	1 349
per capita consumption (kg)	**16.53**	**16.73**	**16.78**	**16.84**	**16.94**	**17.03**	**17.15**	**17.28**	**17.39**	**17.47**	**17.58**	**17.68**
of which EU15	18.09	18.25	18.24	18.28	18.33	18.38	18.47	18.55	18.63	18.67	18.73	18.79
of which EU12	10.60	10.91	11.11	11.28	11.50	11.72	11.98	12.25	12.49	12.71	12.95	13.19

Table A.4 19 Butter market projections for the EU, 2009–2020 ('000 t)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Production	**2 083**	**2 016**	**2 057**	**2 054**	**2 053**	**2 049**	**2 073**	**2 075**	**2 064**	**2 065**	**2 071**	**2 088**
of which EU15	1 849	1 803	1 841	1 842	1 840	1 837	1 864	1 867	1 857	1 858	1 864	1 882
of which EU12	234	214	216	213	213	212	210	208	207	207	207	206
Imports	**62**	**38**	**38**	**40**	**38**	**39**	**40**	**40**	**40**	**41**	**40**	**40**
Exports	**148**	**146**	**134**	**113**	**85**	**91**	**107**	**109**	**102**	**98**	**99**	**101**
Consumption	**2 001**	**1 984**	**1 981**	**1 989**	**1 990**	**1 992**	**1 999**	**2 003**	**2 008**	**2 008**	**2 012**	**2 016**
of which EU15	1 803	1 792	1 792	1 799	1 800	1 802	1 809	1 812	1 817	1 817	1 820	1 824
of which EU12	199	192	189	190	190	190	190	190	191	191	191	192
per capita consumption (kg)	**4.02**	**3.97**	**3.95**	**3.95**	**3.94**	**3.93**	**3.94**	**3.93**	**3.93**	**3.92**	**3.92**	**3.92**
of which EU15	4.57	4.52	4.50	4.50	4.48	4.47	4.47	4.46	4.45	4.44	4.43	4.43
of which EU12	1.92	1.86	1.83	1.84	1.84	1.84	1.85	1.85	1.86	1.86	1.87	1.88
Ending Stocks	**115**	**40**	**20**	**12**	**28**	**32**	**40**	**44**	**39**	**38**	**38**	**50**
of which private	38	38	20	12	28	32	40	44	39	38	38	50
of which intervention	77	2	0	0	0	0	0	0	0	0	0	0

Table A.4 20 SMP market projections for the EU, 2009–2020 ('000 t)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Production	**976**	**886**	**860**	**800**	**780**	**767**	**805**	**794**	**778**	**765**	**759**	**756**
of which EU15	813	765	745	690	674	667	708	701	691	682	680	680
of which EU12	162	121	115	111	106	100	97	92	87	83	80	76
Imports	**6**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
Exports	**230**	**273**	**264**	**223**	**199**	**192**	**192**	**190**	**175**	**175**	**177**	**178**
Consumption	**647**	**647**	**645**	**640**	**631**	**622**	**625**	**615**	**605**	**594**	**587**	**580**
of which EU15	571	572	570	565	556	547	550	539	530	519	512	505
of which EU12	75	76	75	75	75	75	75	75	75	75	75	75
Ending Stocks	**278**	**246**	**199**	**140**	**93**	**49**	**39**	**31**	**32**	**31**	**29**	**31**
of which private	20	60	60	61	74	49	39	31	32	31	29	31
of which intervention	258	186	139	79	19	0	0	0	0	0	0	0

Table A.4 21 WMP market projections for the EU, 2009–2020 ('000 t)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Production	**790**	**785**	**781**	**794**	**792**	**792**	**801**	**804**	**803**	**798**	**803**	**796**
of which EU15	736	734	730	739	738	738	746	750	748	744	748	741
of which EU12	54	51	51	55	54	54	54	54	55	55	55	54
Imports	**1**	**2**	**2**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Exports	**456**	**451**	**437**	**442**	**440**	**442**	**450**	**451**	**448**	**446**	**452**	**446**
Consumption	**335**	**336**	**346**	**353**	**353**	**351**	**353**	**356**	**357**	**355**	**353**	**352**
of which EU15	299	301	309	316	316	314	316	319	320	318	316	316
of which EU12	36	34	37	37	37	37	37	37	37	37	37	37

Table A.4 22 Biofuels market projections for the EU, 2009–2020 (billion litres)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Usable production	**15.3**	**15.9**	**16.5**	**17.0**	**18.2**	**20.0**	**22.3**	**24.4**	**26.3**	**28.3**	**30.9**	**34.2**
of which Ethanol	5.7	6.1	6.3	6.4	7.1	8.4	10.0	11.5	12.7	13.9	15.4	17.2
of which 2nd generation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.4	0.8	1.6	3.0
Biodiesel	9.6	9.8	10.2	10.6	11.1	11.6	12.2	12.9	13.6	14.4	15.5	17.1
of which 2nd generation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.5	1.1	2.1	4.0
Consumption	**17.1**	**18.8**	**20.1**	**22.8**	**25.2**	**28.3**	**31.5**	**34.7**	**37.3**	**39.8**	**41.6**	**42.7**
Ethanol	7.1	7.8	9.1	11.1	12.5	13.8	15.5	17.9	19.8	21.5	22.1	21.8
Biodiesel	10.0	11.1	11.0	11.7	12.7	14.5	16.0	16.8	17.5	18.4	19.5	20.9
other use of ethanol	2.4	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Energy share	2.3	3.1	3.4	4.0	4.7	5.5	6.2	6.8	7.3	7.8	8.2	8.5
Ethanol	2.3	2.6	3.3	4.3	5.0	5.6	6.5	7.8	8.7	9.6	9.9	9.8
Biodiesel	4.1	4.4	4.4	4.6	4.9	5.5	6.0	6.3	6.6	6.9	7.3	7.9
Net trade	**-1.9**	**-2.9**	**-3.6**	**-5.8**	**-6.9**	**-8.3**	**-9.3**	**-10.3**	**-11.0**	**-11.6**	**-10.7**	**-8.4**
Ethanol	-1.4	-1.7	-2.8	-4.7	-5.4	-5.4	-5.5	-6.4	-7.1	-7.6	-6.7	-4.6
Biodiesel	-0.5	-1.3	-0.8	-1.1	-1.5	-2.9	-3.8	-3.9	-3.9	-4.0	-4.0	-3.8

This report offers a picture of the current situation of the agriculture and rural areas in the European Union as well as provides some prospects on a possible evolution in the future.

European Commission
Directorate-General for Agriculture and Rural Development
Directorate L. Economic analysis, perspectives and evaluations
L.2. Economic analysis of EU agriculture

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