

SHORT-TERM OUTLOOK

FOR EU AGRICULTURAL MARKETS
IN 2020

AUTUMN 2020










Edition N°28

MEAT PRODUCTS












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Market developments in the EU

BEEF 	2020		2021	
Production		-1.4%		-1.5%
Exports		+1.0%		-4.0%
Imports		-10%		+0.0%
Consumption		-2.1%		-1.2%

PIGMEAT 	2020		2021	
Production		-0.5%		-1.0%
Exports		+2.0%		-10%
Consumption		-1.1%		+1.0%

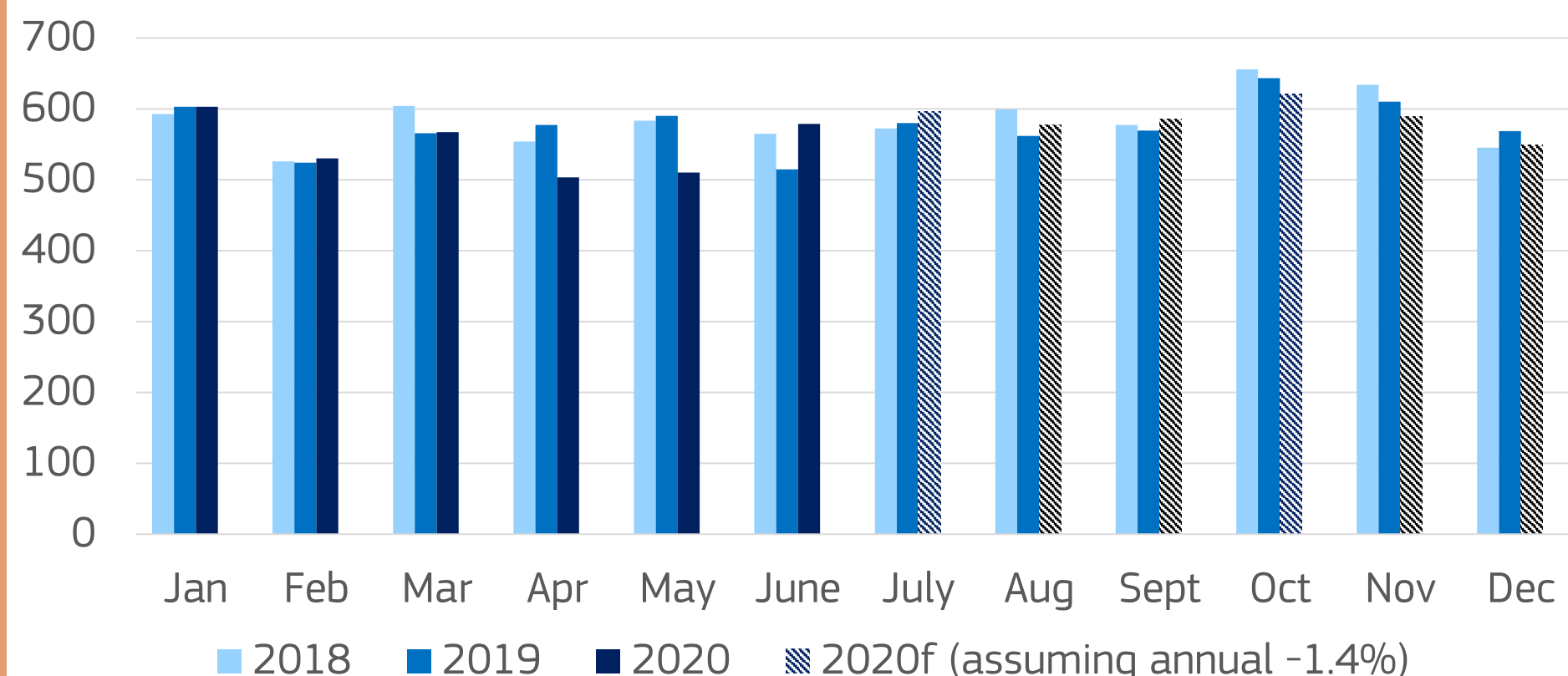
POULTRY 	2020		2021	
Production		+1.0%		+1.0%
Exports		-6.0%		+1.0%
Imports		-12%		+6.0%
Consumption		+1.5%		+1.3%

SHEEP & GOAT 	2020		2021	
Production		-3.0%		-1.0%
Exports		+6.0%		+0.0%
Imports		-4.0%		-3.0%
Consumption		-4.0%		-1.6%

*Note: % compared to previous year
Net production and meat trade*

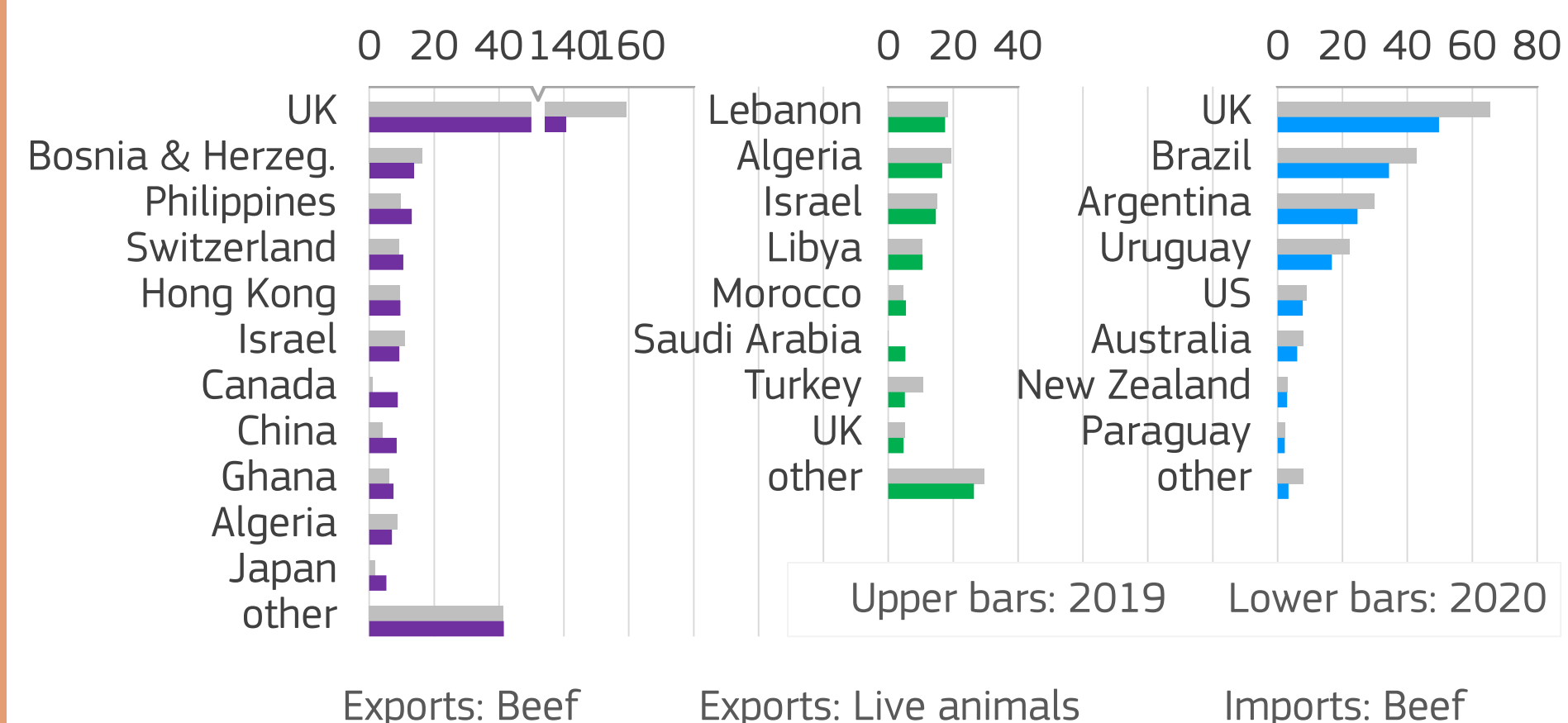
Beef and veal

Monthly EU beef slaughtering
(1 000 t carcass weight)



Source: DG Agriculture and Rural Development, based on Eurostat.

EU beef trade (Jan-June, 1 000 t carcass weight)

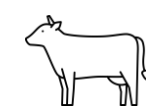


Source: DG Agriculture and Rural Development, based on Eurostat.

EU beef production stabilises in the second half of 2020



The EU beef production decreased in the first half of 2020: -2.4% year-on-year. In April-May, slaughtering numbers in most countries stagnated (FR, NL, DE) or declined (IE, AT, ES, and significantly in IT), because of Covid-19 measures and a lower demand from foodservice. With the reopening of restaurants and tourism catching up, demand has been recovering. **Prices**, which bottomed mid-May, are back to levels seen a year ago.



The **estimated decline in beef production in 2020** (-1.4%) assumes a stable production in the second half of the year. In addition to the Covid-19 impact, the decline in 2020 can also be attributed to the adverse effects of a dry spring on grazing and fodder availability, which led to early slaughtering at lower carcass weights. Reductions in herd size in some countries (FR, DE and IE), as confirmed by the **May-June livestock survey**, may also translate into a further decline in EU production in 2021 (-1.5%).

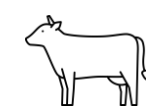
Stable exports, while lower imports limit meat availability



Beef exports declined slightly in the first half of the year (-1% year-on-year). While shipments to the UK were down 9%, exports to other destinations increased by around 12% in total, benefiting IE, DK, IT, FR and DE strongly. Overall, **export growth is expected** at +1% in 2020 but may turn negative in 2021 (-4%), given limited domestic availability. **Live exports declined** to all main destinations (except Morocco), with a -5% forecast for the whole of 2020.

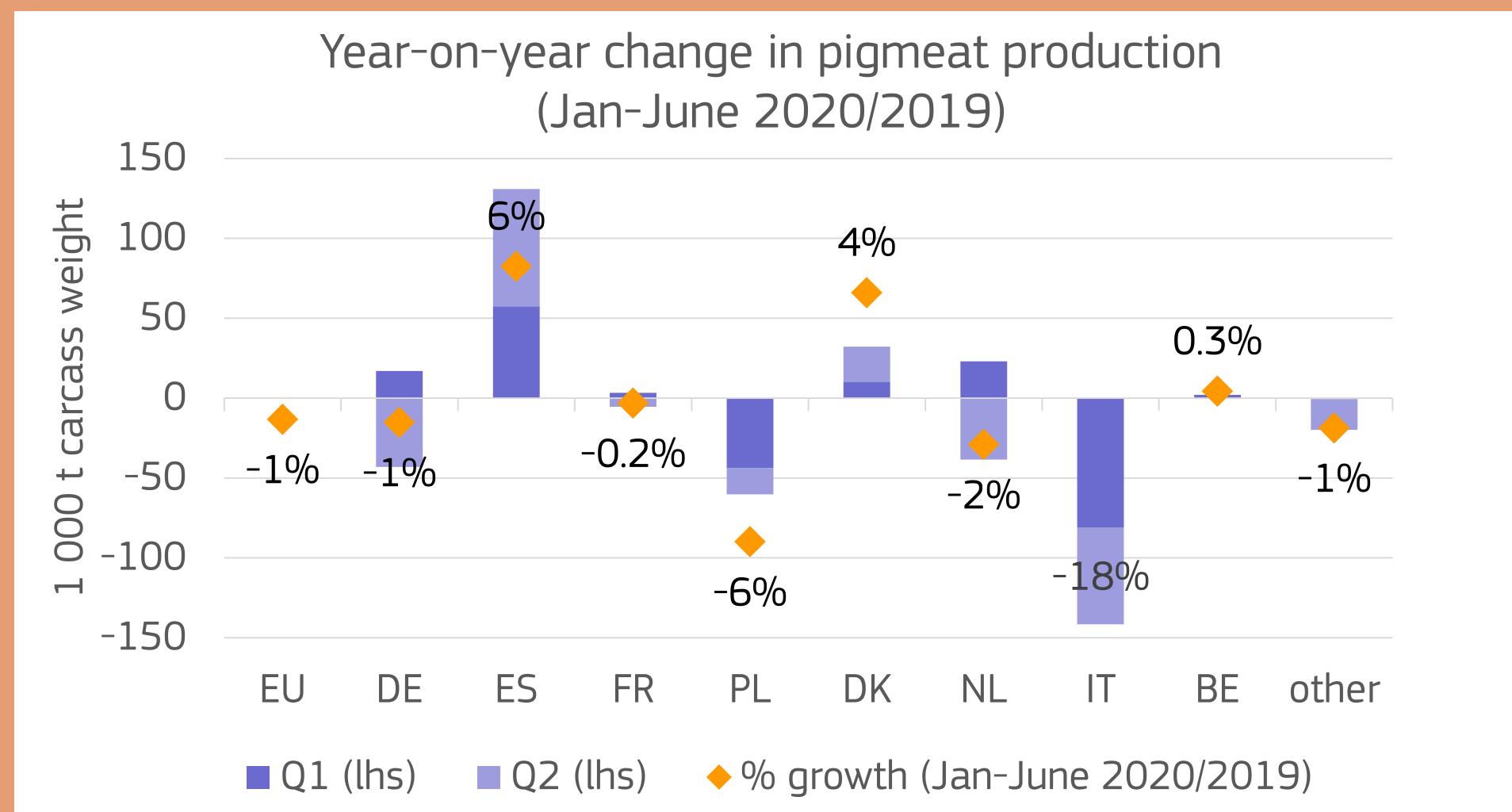


Imports plummeted in the first half of the year (-22% year-on-year), due to the drop in demand in the EU during restaurant closure, and tight supplies in all key exporters. The UK and Brazil redirected their shipments to China and other destinations. More favourable conditions in the rest of the year could limit the drop in **annual EU imports to 10% only in 2020** followed by stable imports in 2021.

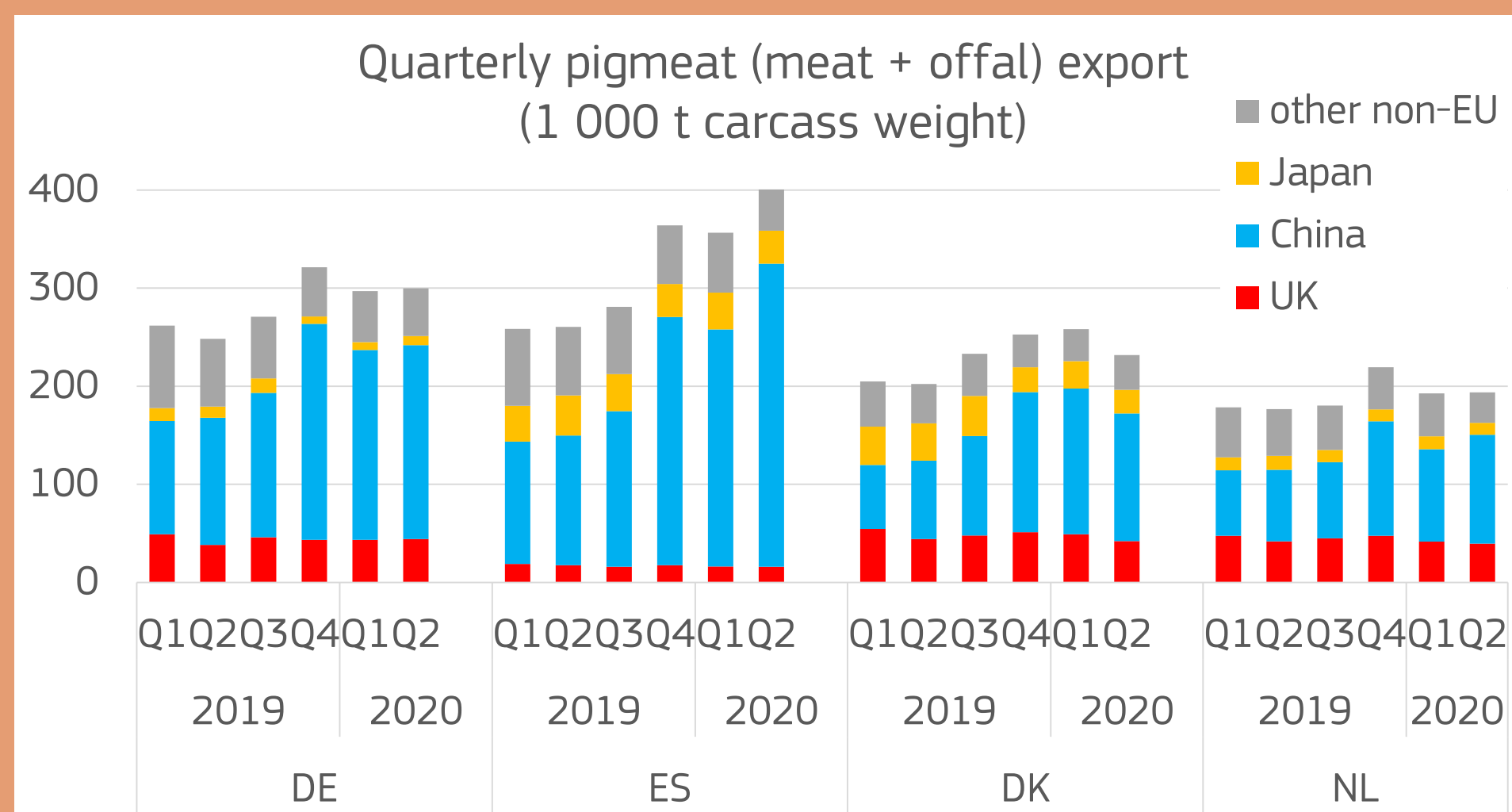


The apparent **consumption of beef** is projected to decline to 10.4 kg per capita in 2020 (-2.1%).

Pigmeat



Source: DG Agriculture and Rural Development, based on Eurostat.



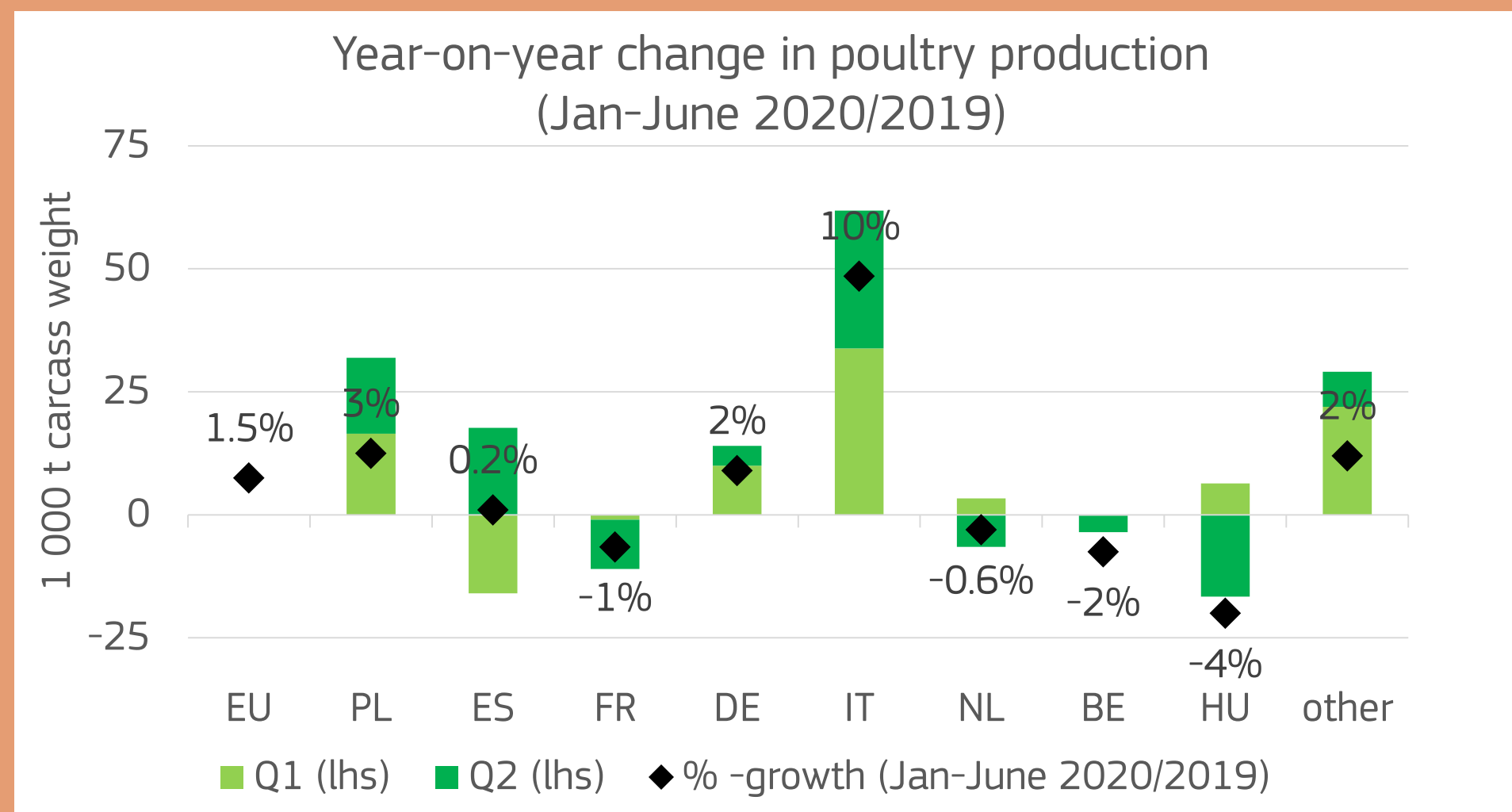
Source: DG Agriculture and Rural Development, based on Eurostat.

EU pigmeat production will grow less than expected in 2020

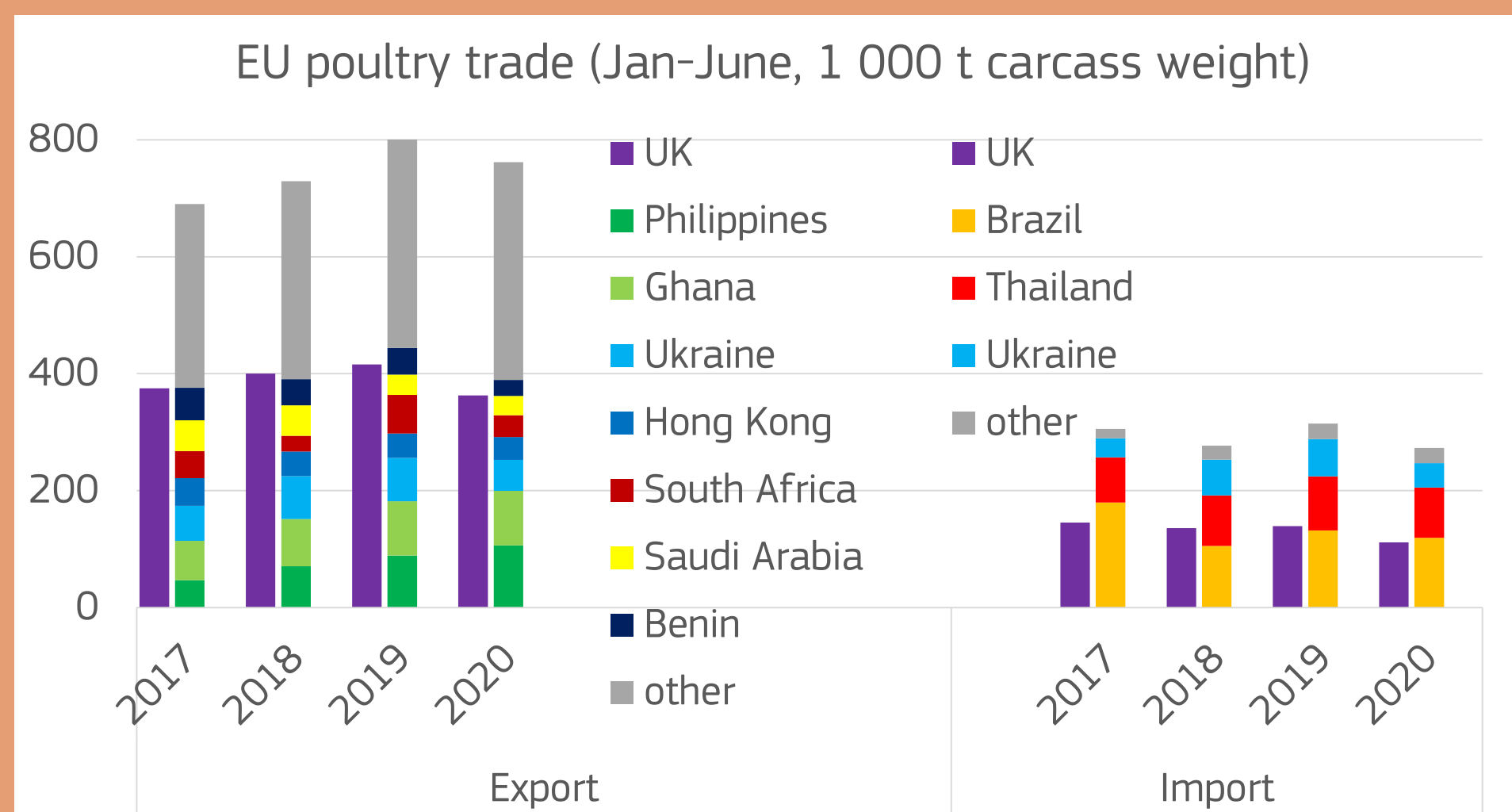
- EU pigmeat production was down in the first half of 2020 (-0.9% year-on-year), with declines in DE, FR, IT, NL and PL offsetting increases in ES and DK.
- Favourable prices, a return of consumer demand and benefits from recent investments are expected to have contributed to the increase in production in Q3. However, the discovery of ASF in wild boars in the Eastern border of DE in mid-September and resulting bans will affect German exports and the EU market in Q4. **Prices, which had stabilised since the beginning of the summer, are under pressure.** Any production growth in Q4 should come only from ES, DK and IE, which expanded their herds, including breeding sows in 2019, as confirmed in the May-June livestock survey.
- Overall, the **production of pigmeat is set to decline in 2020** (-0.5%) and 2021 (-1%). The apparent **consumption of pigmeat is projected to decline** to 32.8 kg per capita in 2020 (-1.1%).

Lower exports due to ASF

- Exports of meat (without offal) were up by more than 15% in the first half of the year, doubling to China and increasing to Vietnam. The ASF cases in wild boars in DE resulted in immediate trade restrictions of exports from DE to key partners: China, South Korea and Japan. As a consequence, **the projection for 2020 is revised downwards** to +2% year-on-year.
- Export growth** (set to -10% in 2021) would not have continued even without an ASF outbreak in DE. While the EU could still manage to reinforce exports to key destinations (the Philippines, the US), the unprecedented exports to China in 2020 would not have increased further, as China may start to recover its own production and continue to diversify consumption of (imported) meat.
- The evolution of EU exports will depend on the capacity of DE to contain the disease and the willingness of trade partners to implement the regionalisation principle, allowing imports from areas free from ASF. DK, ES and NL may fill gaps partially in supply to China and Asian markets.



Source: DG Agriculture and Rural Development, based on Eurostat.



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EU poultry production to increase moderately over 2020 and 2021



EU poultry production grew in the first half of the year (+1.5% year-on-year), with production still expanding in many important producing countries (IT, PL, ES, DE) **even in Q2**. Higher production was supported by prior investments in PL and the shift in demand from other meats to poultry during lockdown. Supported by gradual reopening of foodservices and strong demand at retail, EU **prices rapidly closed the gap** with the historic average but remain under pressure.



The expected **increase in poultry production in 2020** (+1%) assumes only a small growth in the second half of the year, as production accumulated during the foodservice closure period is due to find its way back to the market in Q4. Similarly, a modest growth is forecast for 2021 (+1%). The drop in production of the other poultry meats than chicken (ducks, guinea fowls, pigeons or quails), will continue until the end of 2020.

Lower imports and exports



Poultry exports declined sharply in the first half of the year (-8.5% year-on-year), including a drop of 12% to the UK, and of 5% to other destinations, except for the Philippines (+20%). With prospects of Avian Influenza-related bans on PL exports progressively lifted, EU **exports will recover only gradually, declining still by 6% in 2020**, and turning moderately positive in 2021 (+1%).

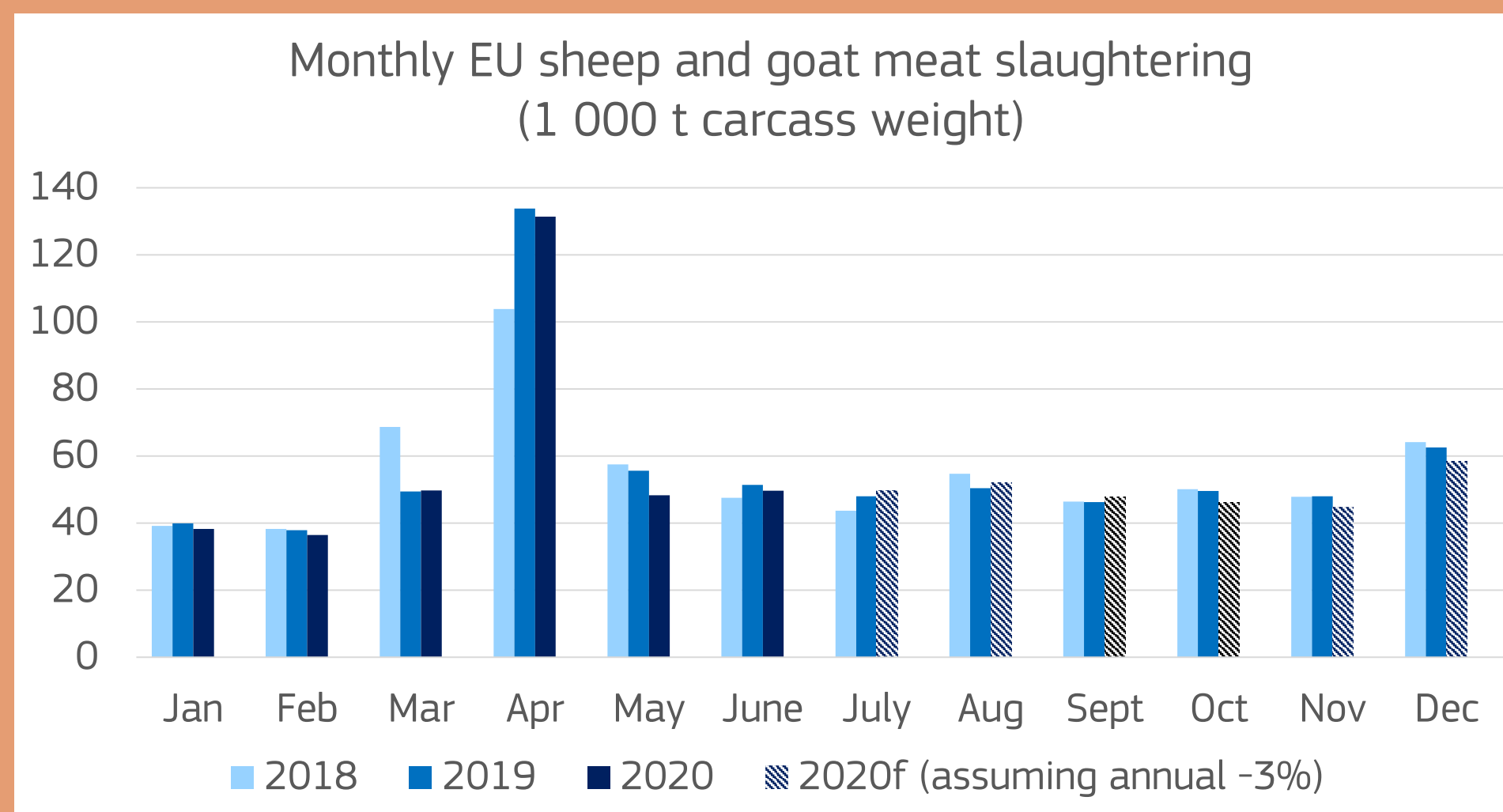


Imports were down in the first half of the year (-15% year-on-year), due to lower demand for poultry meat from foodservice, the main client for imported poultry, while the key suppliers including Brazil, continue to redirect shipments to China. **Imports are expected to fall by 12% in 2020** and recover in 2021 (+6%).

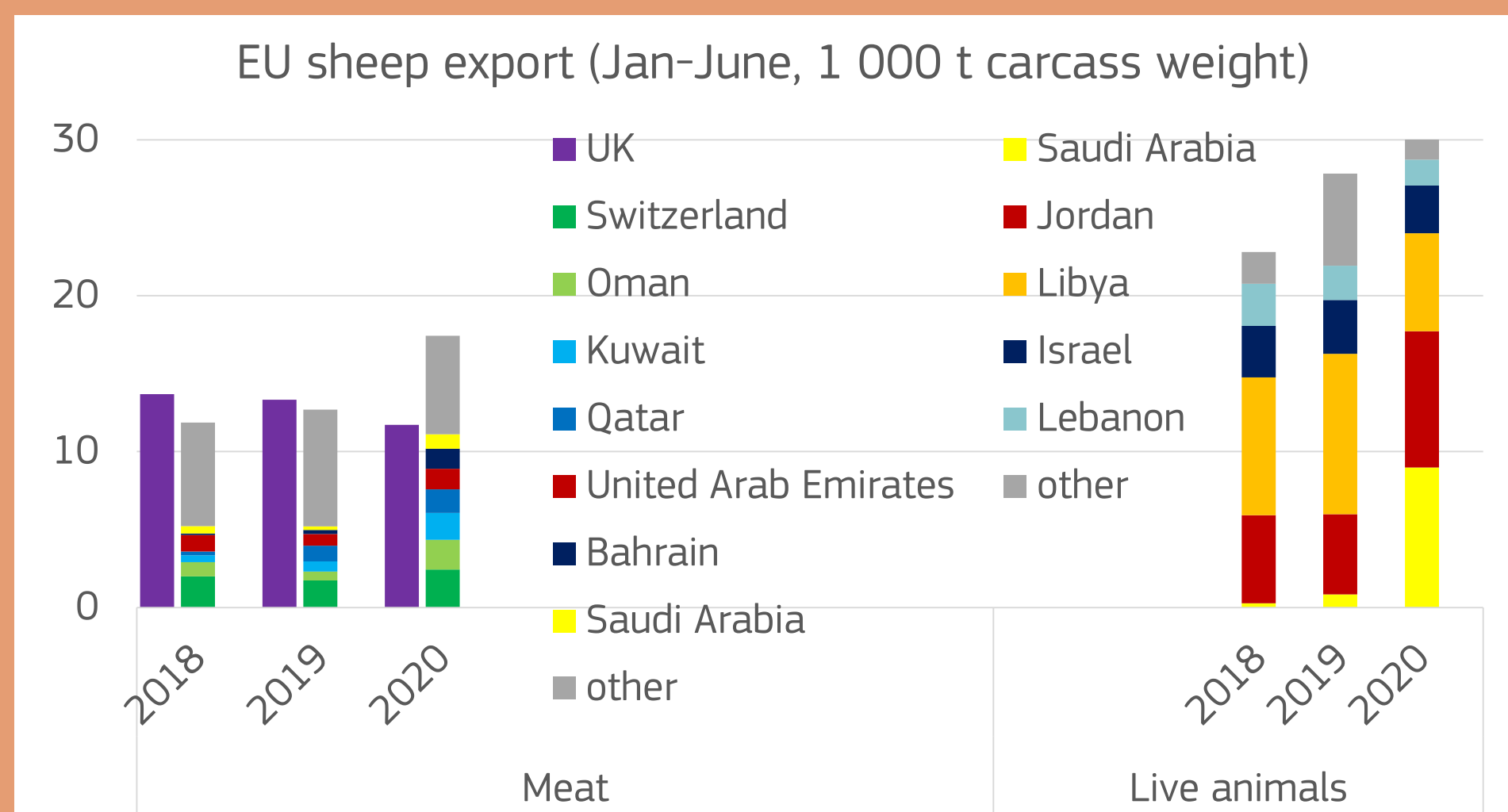


The apparent **consumption should increase** in 2020 up to 23.7 kg per capita (+1.5%).

Sheep and goat meat

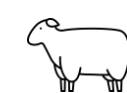


Source: DG Agriculture and Rural Development, based on Eurostat.



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Sheep and goat meat production down in 2020



EU sheep and goat meat production declined significantly in the first half of 2020 (-4% year-on-year). Slaughtering of goats and sheep dropped in all key producers (EL, IE, FR, IT, RO, ES), reflecting lower demand from foodservice and home consumption during festive periods, and supply shortages. Only IE slaughtered more sheep thanks to expanding herds in 2019, to fulfil the demand from EU and non-EU partners (other than the UK).

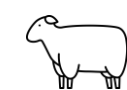


The expected **decline in sheep and goat meat production in 2020** (-3%) and in 2021 (-1%) assumes smaller herds and fewer ewes put to the ram, stagnated domestic demand, uncertainty linked to trade and bad weather conditions. These contribute to the **increase in prices**, which have returned to the level seen at the beginning of 2020.

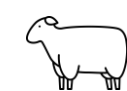
Lower availability due to shortages in domestic and global supply



Sheep meat **exports increased in the first half of 2020** (+13% year-on-year). Higher volumes to key destinations compensated for a decline of exports to the UK (-10%). ES, IT and EL increased their exports in Q2, while NL, RO and the IE reported reductions. The export **growth is estimated to soften** to +6% in 2020, which means stagnation at EU level in the second half of the year, as there may not be enough supply to satisfy trade demand.



Exports of live animals increased in the first half of 2020 (+10% year-on-year), supported by higher demand from Saudi Arabia and Jordan, and despite fewer animals being shipped to traditional partners Libya and Lebanon. Overall, **exports of live animals are set to decline** in 2020 (-5%) and by in 2021 (-1.5%), as this recent high level of shipments may not be sustained.



Imports of sheep meat are expected to fall in 2020 (-4%). Imports from the UK declined by around 25% in the first half of the year, and those from New Zealand and Australia by nearly 20% over the same period, due to tight availability incurred by unfavourable weather conditions. High prices should translate into more imports in the second half of 2020.



The apparent **consumption should decline** in 2020 (-4%), down to 1.3 kg per capita.