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Report Highlights:

Forced by record high feed and energy prices and tightening environmental restrictions, EU cattle and swine farmers are scaling back production. High carcass prices have encouraged cattle farmers to advance the slaughter of their herds, but lower slaughter weights will put pressure on overall beef production this year. The future of the EU cattle sector will largely depend on the national implementation of the new Common Agricultural Policy (CAP), scheduled for 2023. Besides high input prices, the EU swine sector is also affected by dwindling export demand. Although processors and exporters report recovering demand from Asia, producers are not planning for similar volumes as shipped during 2020 and 2021. Leading companies in Northern Europe as well as Southern Europe plan to focus less on quantity and more on quality, profitability, and the license to produce. This license to produce is mainly related to the carbon dioxide emissions and animal welfare conditions.

Executive Summary – The EU Meat Sector is Scaling Back

Note: Effective January 1, 2021, the United Kingdom (UK) completed its departure from the European Union (EU). In this report, if not otherwise indicated, the term EU refers to the current EU27 (without the UK).

Cattle and Beef – Both the Dairy and Beef Cow Herd are on the Decline.

Both dairy and beef cow herds are forecast to continue their decline through 2022 and 2023. Cattle farms are hit by the limited availability of fodders and high feed prices. Another factor for the decline is environmental restrictions, mainly related to nitrogen emissions. Future expansion of cattle herds will largely depend on the national implementation of the EU Common Agricultural Policy (CAP). Due to the high feed, energy, and carcass prices, slaughter is forecast to increase this year, but lower weights will put pressure on overall beef production. After lifting of the COVID-19 lockdowns, beef sales to the food service sector increased, particularly in Southern Europe, where it was buoyed by the revived tourism sector. However, overall EU beef consumption is dropping due to the limited supply and deteriorating purchase power of consumers. Next year, a significant reduction of slaughter and beef production is projected because of the lower supply of young animals. The recovering demand this year and lower domestic beef supply next year is attracting beef imports from third countries, but the level is still far below the pre-COVID-19 crisis level.

Swine and Pork – The EU Swine Sector is Scaling Back Production.

Swine carcass prices are rising but hardly compensate for the increased feed and energy costs. Both swine breeders and fatteners are operating at slim or even negative margins. In several EU Member States (Germany, the Netherlands, Belgium, and Romania), farmers face even more uncertainty in planning as there has not been a consistent regulatory framework for years. In addition, African Swine Fever (ASF) continues to trouble the swine sector, particularly in Germany, Poland, and Romania. With the decreasing supply of hogs and lighter slaughter weights, pork production is forecast to fall to the lowest level since 2017. For next year, the contracting trend of swine production and slaughter is not forecast to change, as the underlying negative market conditions, high feed prices, and dwindling demand, are expected to remain. The lower production level coincides with a reduced demand from third countries. The sector hopes to bring back the supply in line with regular domestic and export demand, and not to rely on exceptional market demands from third countries, like China. Leading companies in Northern Europe as well as Southern Europe plan to focus less on quantity and more on quality, profitability, and the license to produce.

Cattle

Animal Numbers, Cattle	2021		2022		2023	
Market Year Begins	Jan 2021		Jan 2022		Jan 2023	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks	76,499	76,499	75,648	75,648	0	74,460
Dairy Cows Beg. Stocks	20,532	20,514	20,207	20,207	0	19,950

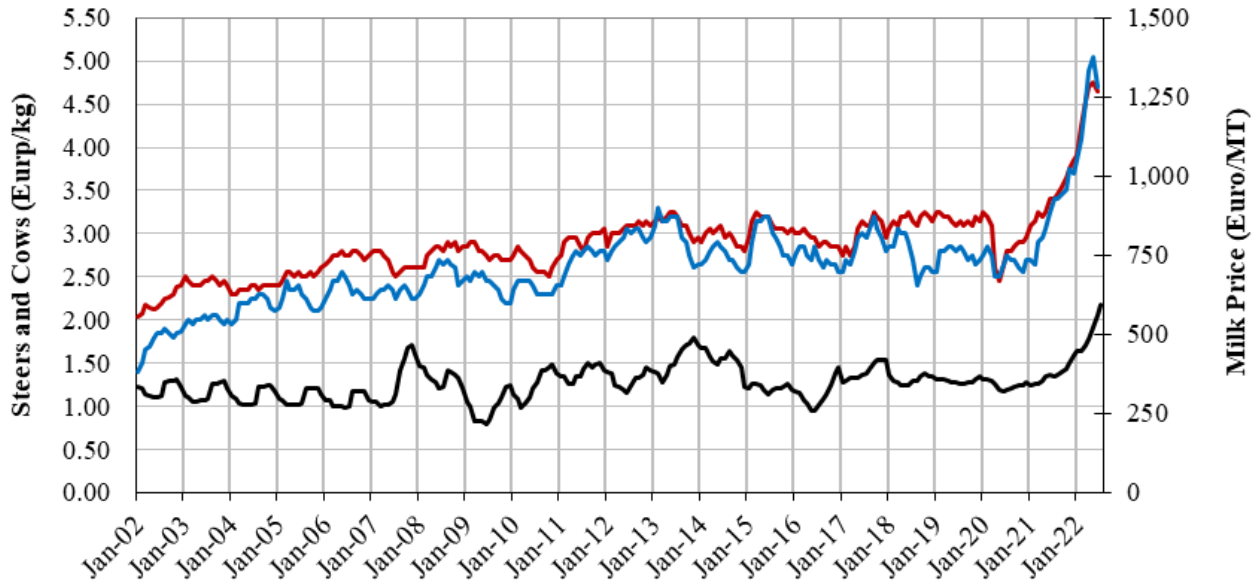
Beef Cows Beg. Stocks	10,700	10,699	10,551	10,554	0	10,450
Production (Calf Crop)	24,790	24,770	24,550	24,500	0	24,250
Total Imports	15	15	20	12	0	12
Total Supply	101,304	101,284	100,218	100,160	0	98,722
Total Exports	987	987	1,000	900	0	880
Cow Slaughter	10,327	10,296	10,270	10,500	0	10,200
Calf Slaughter	5,960	5,958	5,970	6,015	0	5,900
Other Slaughter	7,189	7,193	7,110	7,035	0	6,900
Total Slaughter	23,476	23,447	23,350	23,550	0	23,000
Loss and Residual	1,193	1,202	1,227	1,250	0	1,212
Ending Inventories	75,648	75,648	74,641	74,460	0	73,630
Total Distribution	101,304	101,284	100,218	100,160	0	98,722
(1,000 HEAD)						

Not official USDA data. Source: Eurostat and FAS Offices. Includes backyard slaughter.

The EU Cattle Herd is Shrinking Due to High Input Costs and Environmental Restrictions.

Both the dairy and beef cow herds are forecast to continue their decline through 2022 and 2023. Increases in the dairy cow herd in Ireland and beef cow herd in Central Europe are insufficient to make up the significant cuts to cow herds reported in France and Germany. Cattle carcass and milk prices are surging (see graph below) but are not forecast to support any substantial investment in production expansion in the European Union (EU). Both dairy and beef cattle farms have been hit by the limited availability of fodders and high feed prices (see graph further below). Due to drier and hotter weather conditions, the corn crop is also in bad condition and forecast to limit production of the corn silage (for more information see the GAIN- [EU Grain Summer Update 2022](#), published on July 29, 2022). The structural unprofitability of the Western European sector has been further exacerbated by high energy prices and labor shortage. Throughout the EU, cattle farmers are giving up production, not only due to rising costs, but reportedly also because of a lack of successors. Another factor for the decline is environmental restrictions. For instance, in the Netherlands, the government aims to reduce overall Dutch nitrogen emissions in all sectors by 50 percent by 2030. The dairy sector is possibly one of the livestock sectors that will be most hit, as a large share of dairy farms are located near protected nature reserves. For more information see GAIN Report – [Government Presents National Program to Reduce Nitrogen Greenhouse Gas Emissions in Rural Areas](#), published June 21, 2022. This year, the reduction of the EU dairy cow herd size is even outpacing its efficiency, meaning the increasing milk deliveries per cow are not making up for the reduction of cows. This has caused the total EU milk deliveries to decline for the first time since 2009. For more information see the upcoming GAIN – [Dairy and Products Annual](#), scheduled to be published mid-October 2022.

Prices of Steer and Cow Carcasses, and Milk on farm, the Netherlands

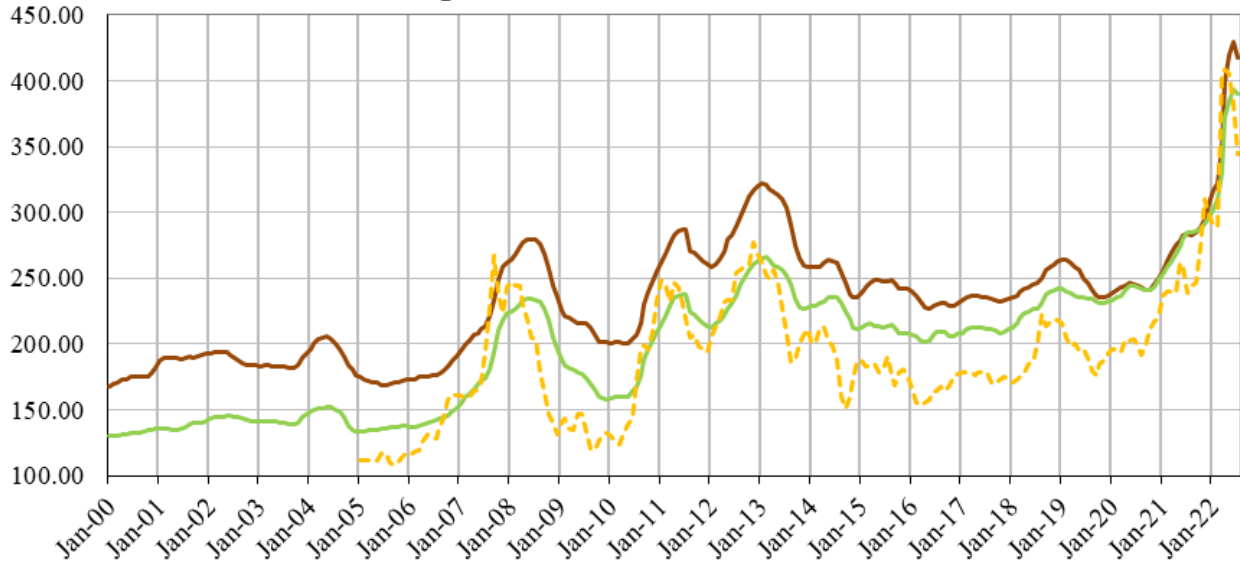


Source: Wageningen Economic Research

Note: Due to the common market, Dutch prices reflect the EU trend.

— Steers — Cows — Milk Price

Compound Feed and Wheat Prices Euro per MT, on farm, the Netherlands



Source: Wageningen Economic Research

Note: Due to the common market, Dutch prices reflect the EU trend.

— Pig Feed — Cattle Feed - - - - - Wheat

Future Beef Cattle Farming will be Subject to National Implementation of the CAP.

In Central Europe, the beef cow herd has expanded significantly during the past decade but is coming to a standstill in 2022. An important factor for the past expansion of the Central European, Balkan, and Baltic beef cow herds was their respective government's financial support combined with the relatively low labor intensity and lower financial risk of rearing beef cattle (as opposed to generally more intensive husbandry systems of required for dairy cattle, swine, and poultry). However, the increasing production cost and stagnating demand for beef are having a negative effect in Central Europe. Most farmers are unable to keep their animals and both official and backyard slaughter are increasing this year. Future expansion of the EU beef cow herd will largely depend on the national implementation of the EU Common Agricultural Policy (CAP; see Policy section of this report). The national strategic plans of the new CAP policies are scheduled to be approved by the European Commission (EC) this autumn, but the implementation in January 2023 is likely to be delayed. Furthermore, the national strategic plans are not anticipated to curb the falling trend, as they are likely to focus on support for smaller farms.

With the High Input Prices and Upcoming Winter Farmers Will Advance Slaughter.

In the [EU Livestock & Products Semi-Annual](#), slaughter was forecast to fall with the lower supply of animals born in 2022. In this report, 2022 slaughter is predicted to rise as farmers are opting to advance the slaughter of their herd based on both the extremely high costs of feed and energy (over the winter months) and the attractive prices paid for the carcasses. With the persistent high input prices, slaughter is forecast to accelerate through the winter months of this year. This is also accelerating the restructuring of the total EU herd. During the first half of this year, official cattle slaughter increased by 0.37 percent. In absolute terms, the most significant increases of slaughter were reported in Ireland, Spain, Italy, and the Netherlands.

The Options for Overseas Exports of Live Animals are Declining.

Another reason for the elevated level of slaughter is that a larger share of animals is being fattened in the EU. During the first half year of 2022, EU exports of cattle for slaughter to Algeria were negatively affected by the suspension of the friendship treaty between Spain and Algeria in June 2022. Live cattle exports for slaughter to Libya, and cattle for breeding to Turkey, were also reduced. An important factor for the lower exports is the current high price level of live animals. In addition, while the EU has a wide range of export destinations, its overseas options are declining as animal protection associations continue to issue allegations of EU animal welfare violations. On July 5, 2021, the European Parliament's Committee of Inquiry on the Protection of Animals During Transport (ANIT), published a report about livestock transport in the EU and to third countries (for more information, see the Policy section).

The Unprofitability of Cattle Farming is Forecast to Persist Next Year.

The shrinking cow herd is accompanied by a falling supply of young animals next year, particularly in France and Germany as earlier indicated. The lower supply of animals will also limit the availability for exports and slaughter. The feed and fodder prices are anticipated to remain at a relatively high level through the last quarter of this year and first quarter of next year, but the next harvests are anticipated to bring some relief to the farmers. Even though input prices may fall, the lack of profitability is projected to maintain slaughter at a relatively high level. This is projected to cause the herd to further decline to 73.6 million animals by the end of 2023.

Beef

Meat, Beef and Veal	2021		2022		2023	
	Jan 2021		Jan 2022		Jan 2023	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	23,476	23,447	23,350	23,550	0	23,000
Beginning Stocks	0	0	0	0	0	0
Production	6,870	6,865	6,750	6,820	0	6,700
Total Imports	321	321	350	370	0	390
Total Supply	7,191	7,186	7,100	7,190	0	7,090
Total Exports	674	674	695	705	0	650
Human Dom. Consumption	6,517	6,512	6,405	6,485	0	6,440
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	6,517	6,512	6,405	6,485	0	6,440
Ending Stocks	0	0	0	0	0	0
Total Distribution	7,191	7,186	7,100	7,190	0	7,090

(1,000 HEAD), (1,000 MT CWE)

Not official USDA data. Source: Eurostat and FAS Offices. Includes backyard slaughter.

This Year, the EU will Produce Less Beef Due to Lower Slaughter Weights.

As discussed in the Cattle section of this report, cattle slaughter is forecast to increase this year based on the limited availability of feed and fodders. For the same reason, slaughter weights are anticipated to decline. During the first half of 2022, the officially reported weights declined by 0.96 percent. With the higher slaughter but significantly lower weights, beef production is estimated to decline by about 0.7 percent. During the first half year, beef production declined by 0.59 percent, with the most significant reductions in absolute terms occurring in France and Germany.

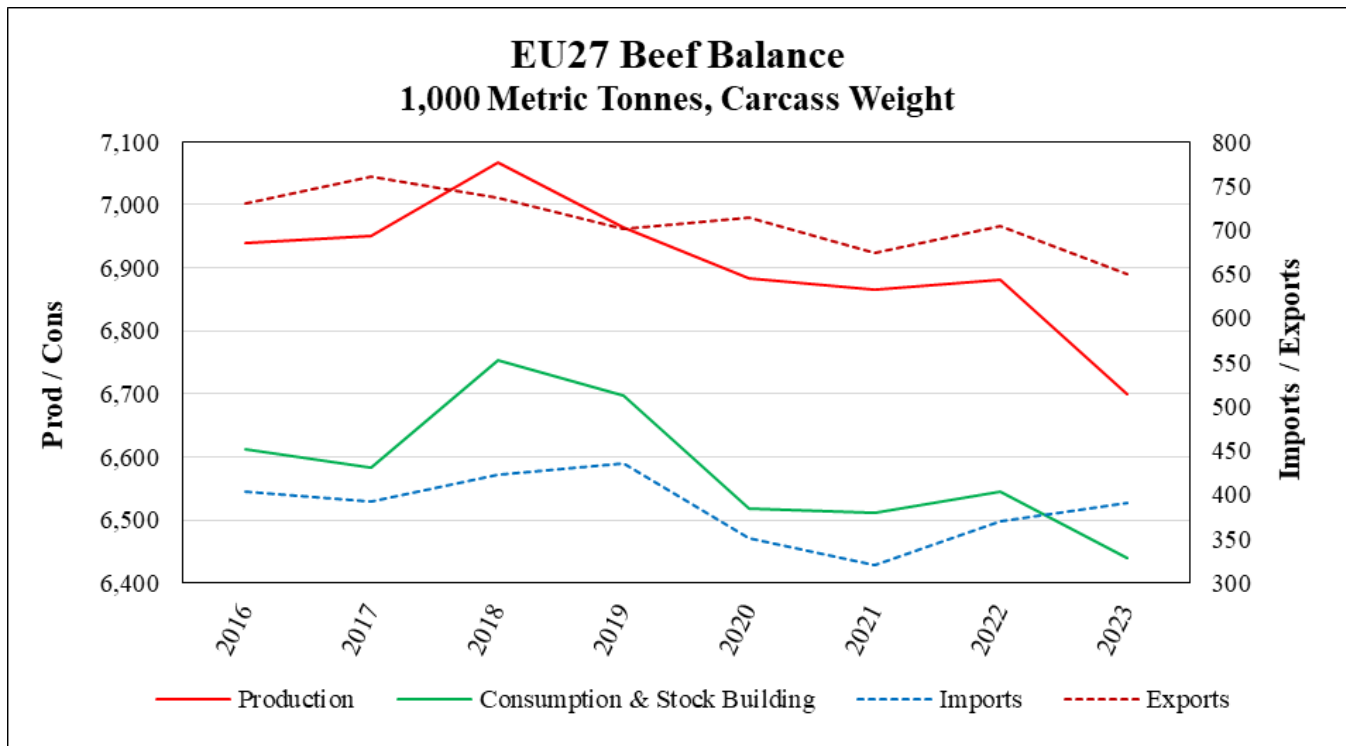
EU Beef Imports Increased Based on Normalization of Consumption and Trade Flows.

After the lifting of the Covid lockdowns, the food service's demand for beef increased, particularly in Southern Europe where it was buoyed by the revived tourism sector. At the same time, rising beef prices due to limited domestic availability (affecting prices of domestically produced beef) and the devaluation of the Euro against the US\$ (affecting prices of imported beef) is putting pressure on consumption. Overall, EU beef consumption is forecast to fall this year and to remain far below the pre-COVID-19 crisis level, which was nearly 7 million metric tons carcass weight (MMT CWE) in 2019. Despite the falling demand, imports have increased by 30 percent during the first half of this year. The lion share of this increase is based on imports from the United Kingdom, which are gradually recovering to normal levels since the Brexit on January 1, 2021. In addition, lower domestic production and recovering demand from the food service sector is attracting beef imports from third countries. Increases are reported for imports of mainly lower-quality beef imports from Brazil, and to lesser extent higher-quality beef from Argentina and the United States. Despite the overall increase, EU beef imports remain significantly below the pre-COVID-19 crisis level. In 2019, the EU imported 435,000 MT CWE of beef. During the first half year, EU beef exports increased by seven percent, which was solely based on recovering exports to the United Kingdom. Exports to all other top-ten destinations declined, except for Israel and Japan. Due to limited supply and high prices, EU beef exports are not expected to structurally

increase. It should also be noted that due to the inflation and potential recession, more low value parts are expected to remain in the EU.

Next Year, the EU Beef Market will Further Tighten.

In anticipation of a higher availability of feed and fodders from the spring of 2023, farmers are forecast to hold to their cattle longer and slaughter their animals at a higher weight. But the higher weights will not make up for the lower slaughter levels. In line with reduced slaughter, beef production is predicted to decrease next year. With a forecast volume of 6.7 MMT CWE, EU beef production reached a new record low. Due to lower domestic supply, beef consumption is also anticipated to fall. To which extent consumption will fall and attract imports from third countries will depend on the buying power of the EU consumer, relative to consumers in other markets.



Swine

Animal Numbers, Swine	2021		2022		2023	
	Jan 2021		Jan 2022		Jan 2023	
Market Year Begins	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Total Beginning Stocks	145,843	145,843	141,656	141,656	0	140,200
Sow Beginning Stocks	11,241	11,248	10,879	10,879	0	10,700
Production (Pig Crop)	254,450	254,190	250,750	250,000	0	248,000
Total Imports	25	26	22	30	0	35
Total Supply	400,318	400,059	392,428	391,686	0	388,235
Total Exports	887	902	825	950	0	950

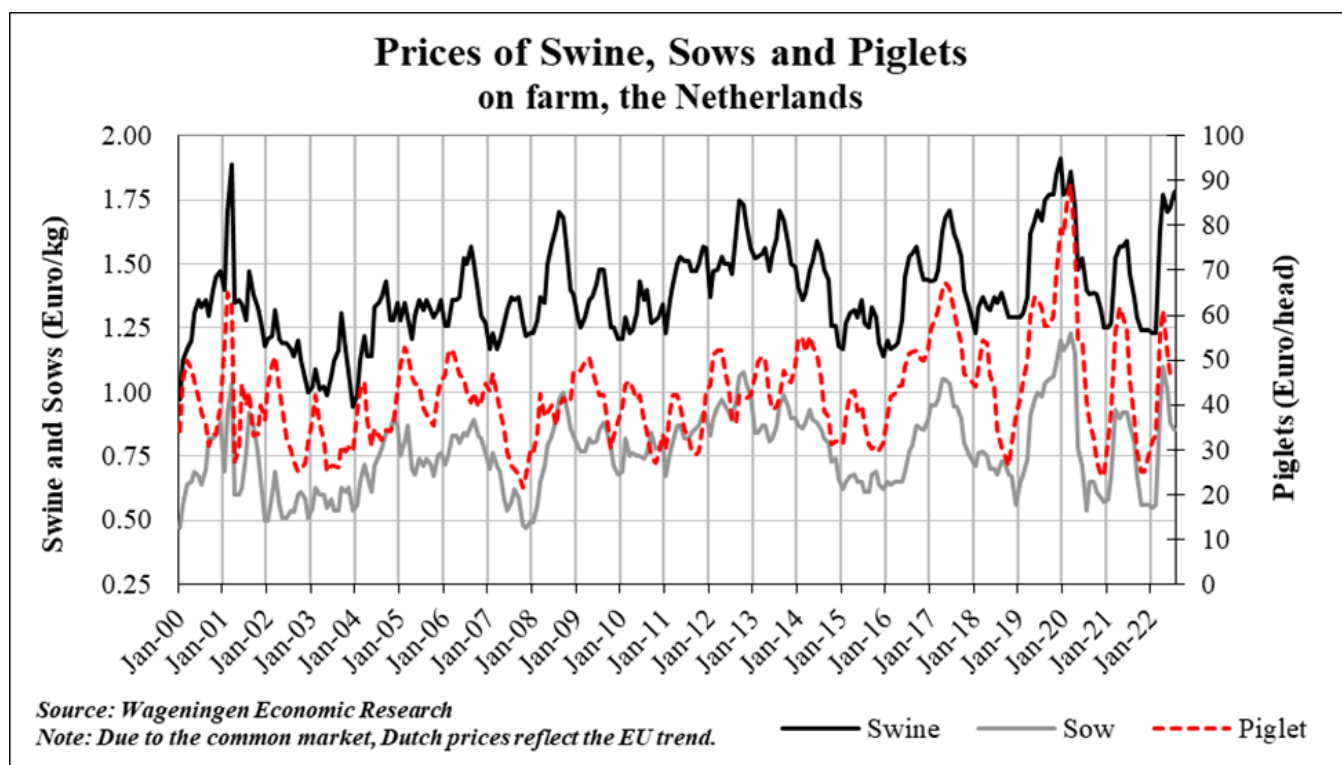
Sow Slaughter	4,007	3,968	3,870	3,900	0	3,880
Other Slaughter	248,209	247,941	241,630	241,100	0	238,620
Total Slaughter	252,216	251,909	245,500	245,000	0	242,500
Loss and Residual	5,559	5,592	5,103	5,536	0	5,385
Ending Inventories	141,656	141,656	141,000	140,200	0	139,400
Total Distribution	400,318	400,059	392,428	391,686	0	388,235

(1,000 HEAD)

Not official USDA data. Source: Eurostat and FAS Offices. Includes backyard slaughter.

The EU Swine Sector is Facing High Input Prices and Limited Export Demand.

The Production, Supply, and Demand (PSD) balance for 2021 is updated based on the publication of full annual statistics of both official and backyard slaughter. The 2021 pig crop is revised accordingly. For the balance of 2022, the pig crop is set at lower level than earlier forecast in the [Semi-Annual Report](#). The reason for this revision is the deteriorating profitability of swine fattening and breeding. Production of piglets is dropping throughout the EU but most significantly in Germany, France, Denmark, and Poland. This significant lower supply of animals for fattening will exacerbate the contracting trend of the EU swine herd. Like the cattle carcass prices, swine carcass prices are rising (see graph below) but a record price has not been reached. This relatively limited price increase is caused by the falling export demand from China (for more information see the Pork section). The elevated carcass prices hardly compensate for the increased costs of feed and energy. For instance, the average swine farmer engaged in fattening in the Netherlands currently just breaks even, while some Dutch swine breeders even operate at a loss (source: [Wageningen University and Research](#)). In addition to slim or even negative margins, the breeding sector also coped with a heat wave during the summer of 2022. Due to the heat wave and related heat stress, the loss has been adjusted to a higher level.



With the Lower Supply of Piglets and Hogs, Slaughter will Fall, Particularly in Germany.

In 2021, EU slaughter reached its highest level in five years. But with the decreasing supply of piglets and hogs, slaughter is forecast to drop substantially in 2022. During the first half year, official slaughter fell 3.1 percent. Slaughter has been cut back in almost all EU Member States but most significantly in Germany and Poland. The German sector suffered from the effects of the COVID-19 pandemic, which curbed pork consumption. In addition, African Swine Fever (ASF) outbreaks in the wild boar population resulted in a ban from China - the most important export market for German producers. While market realities did not favor pork production, farmers have been frustrated by planning uncertainties, as there has not been a consistent framework for regulations for years. In addition, the new German Government's advice for farmers have been to opt for organic swine farming. Overall, the EU swine herd is estimated to shrink to 140.2 million by the end of 2022.

The Spread of ASF by Backyard Farming Continues to Trouble the Sector.

African Swine Fever (ASF) also continues to trouble the Central European swine sector, in particular Poland and Romania. Due to the increased area infected with ASF in Poland, the country's export possibilities are limited. In Romania, the draft law prohibiting swine breeding in backyard farms has been put on hold, due to the disagreement among various entities regarding responsibilities shared for implementing the legislation. In contrast, Bulgarian authorities did implement legislation, which is limiting backyard farming, and supporting the further commercialization of the sector. This has helped to stop the spread of ASF in Bulgaria and has been supporting an upturn of piglet production and slaughter since 2020.

The Swine Sector Plans to Focus Less on Quantity, and More on Sustainability.

For next year, the contracting trend of piglet production and hog slaughter is not forecast to change, as the underlying factors, including high feed prices and dwindling domestic and export sales, are expected to remain. Furthermore, the sector hopes to bring the supply back in line with regular domestic and export demand, rather than rely on exceptional market demands from third countries, particularly China. Leading companies in Northern and Southern Europe plan to focus less on quantity and more on quality, profitability, and the license to produce. This license to produce is mainly related to carbon dioxide (CO₂) emissions and animal welfare conditions.

Next Year, Most of the Bloc's Leading Producers Will Scale Back Production.

The sow herd is forecast at 10.7 million at the beginning of 2023, which would produce around 248 million piglets next year. The most significant cuts of the sow herd are anticipated in the bloc's leading producers, including Germany, France, Denmark, the Netherlands, and Belgium. The situation of the German sector is outlined in the beginning of this section. The French sector has felt the pinch of high feed prices and the lack of domestic and export demand, in addition, lacks competitiveness compared to the sectors in Spain, Denmark, the Netherlands, and Belgium. The Danish swine herd is also on the decline. On July 1, 2022, the Danish sow herd was reported at 1.2 million head, a reduction of 6.5 percent from the 2021 summer census. The smaller breeding herd will result in a lower piglet production and eventually also cause a reduction of slaughter and pork production. The Danish sector has reportedly increased its focus on profitability and to a lesser extent on producing volumes for exports to third country markets. In the Netherlands and Belgium, environmental restrictions play an important role in the shrinkage of the swine herd. The Dutch and Belgian government are planning to restrict and curb swine production based on the nitrogen emissions (for more information see GAIN Report -

[Government Presents National Program to Reduce Nitrogen Greenhouse Gas Emissions in Rural Areas](#), published June 21, 2022.

The Spanish Sector is Adjusting its Production to the New Policy and Market Environment.

In Spain, the sow herd is expected to shrink only marginally. Spanish slaughter has shown steady growth since 2013, but next year a leveling-off of slaughter is anticipated. Pig production in Spain has been affected by several Porcine Reproductive and Respiratory Syndrome (PRRS) outbreaks in Catalonia that have lowered productivity. Furthermore, future expansions in pork production will be limited to allow farms to adapt to meet new EU requirements under the Green Deal strategy (for more information see the GAIN Report - [High Input Prices Limit Expansion of Spanish Meat Production](#)). With this supply of 248 million animals, EU slaughter is estimated at 242.5 million head, and EU ending inventories at 139.4 million head.

Pork

Meat, Swine	2021		2022		2023	
	Jan 2021		Jan 2022		Jan 2023	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	252,216	251,909	245,500	245,000	0	242,500
Beginning Stocks	0	0	0	0	0	0
Production	23,638	23,615	22,600	22,780	0	22,620
Total Imports	99	99	110	120	0	120
Total Supply	23,737	23,714	22,710	22,900	0	22,740
Total Exports	4,987	4,987	3,800	3,900	0	3,800
Human Dom. Consumption	18,750	18,727	18,910	19,000	0	18,940
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	18,750	18,727	18,910	19,000	0	18,940
Ending Stocks	0	0	0	0	0	0
Total Distribution	23,737	23,714	22,710	22,900	0	22,740

(1,000 HEAD), (1,000 MT CWE)

Not official USDA data. Source: Eurostat and FAS Offices. Includes backyard slaughter.

Export Demand is Dropping More Significantly than Production, Thus Building Stocks.

As outlined in the Swine section of this report, EU piglet production and slaughter of hogs are in decline this year. In addition, slaughter weights are reduced by the high feed prices. During the first half year, the official average slaughter weight decreased by 0.75 percent, and pork production fell by 3.86 percent. Assuming a similar reduction over the entire year, EU pork production is estimated at 22.78 MMT CWE, the lowest pork production level since 2017, following record production in 2021. The lower production level (minus 0.84 MMT CWE) coincides with a reduced demand from third countries (minus 1.1 MMT CWE), and thus is building stocks. During the first half of this year, EU pork exports dropped 25 percent (see graph below). The most significant reduction is reported for China, while exports to the other top-five destinations, the United Kingdom, Japan, South Korea, and the Philippines, increased. To counter the diminishing export demand, the European Commission (EC) opened a [Private](#)

[Storage Aid \(PSA\) scheme](#) from the end of March 2022 through the end of April 2022. PSA contracts were concluded for some 46,000 MT product weight (PW) with contract periods varying from 60 till 150 days of storage. The highest volumes were contracted from the Netherlands, followed by Denmark, Germany, and Spain. Although during the summer months, the EU meat sector also reported recovering demand from China, producers are not anticipating and preparing for similar volumes as those shipped during 2020 and the first quarter of 2021.

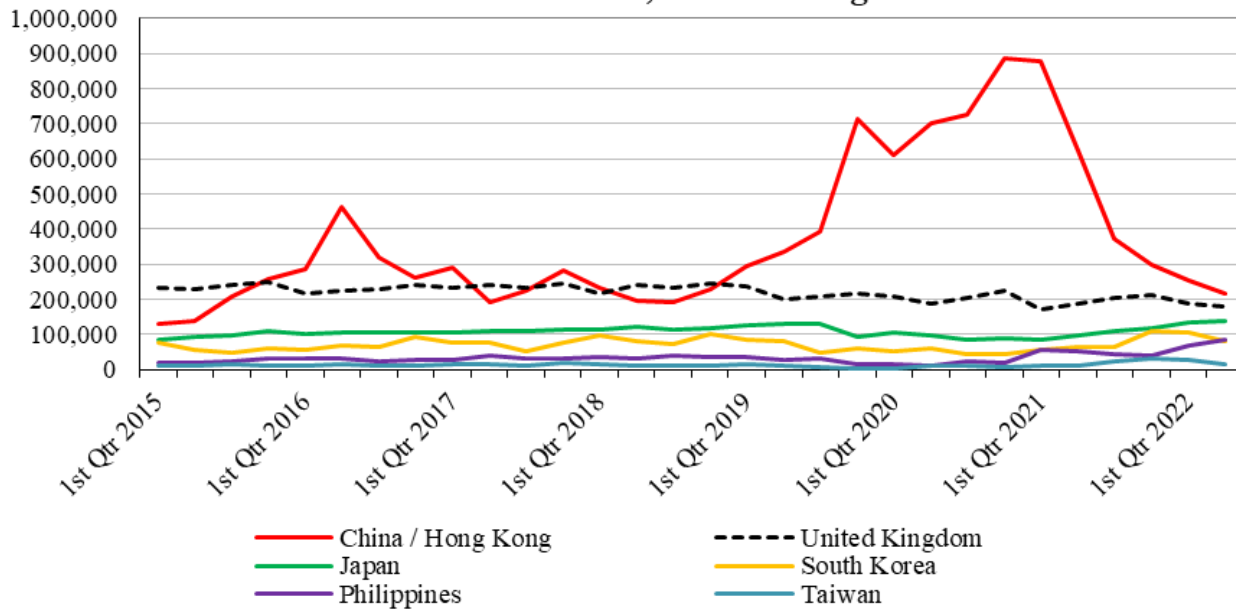
Despite Recovering Consumption, Pork Stocks are Mounting.

In the Semi-Annual report, domestic pork consumption (exclusive stock-building) was estimated at 18.2 MMT CWE, which takes into account lower sales during the coronavirus pandemic and related lockdowns. This year, domestic consumption is increasing because of the revival of the tourism sector, mainly in the Mediterranean countries, the re-opening of sports and cultural events, and the hot summer, which has supported higher pork sales for BBQs. Furthermore, the price of pork has been less subject to inflation than other meats. In some EU Member States, pork prices are nearly level with poultry prices. Another factor is the influx of Ukrainian refugees, which is supporting the demand for pork in the EU. However, actual consumption is not forecast to reach 19 MMT CWE, which still leaves room for further stock building this year. These stocks will be available for exports if the demand from third countries picks up. The EU sector will be one of the most competitive suppliers on the world market because of the devaluation of the Euro against the currencies of most competitors and third country import markets.

Next Year, Pork Production, Consumption, and Exports are Projected to Fall.

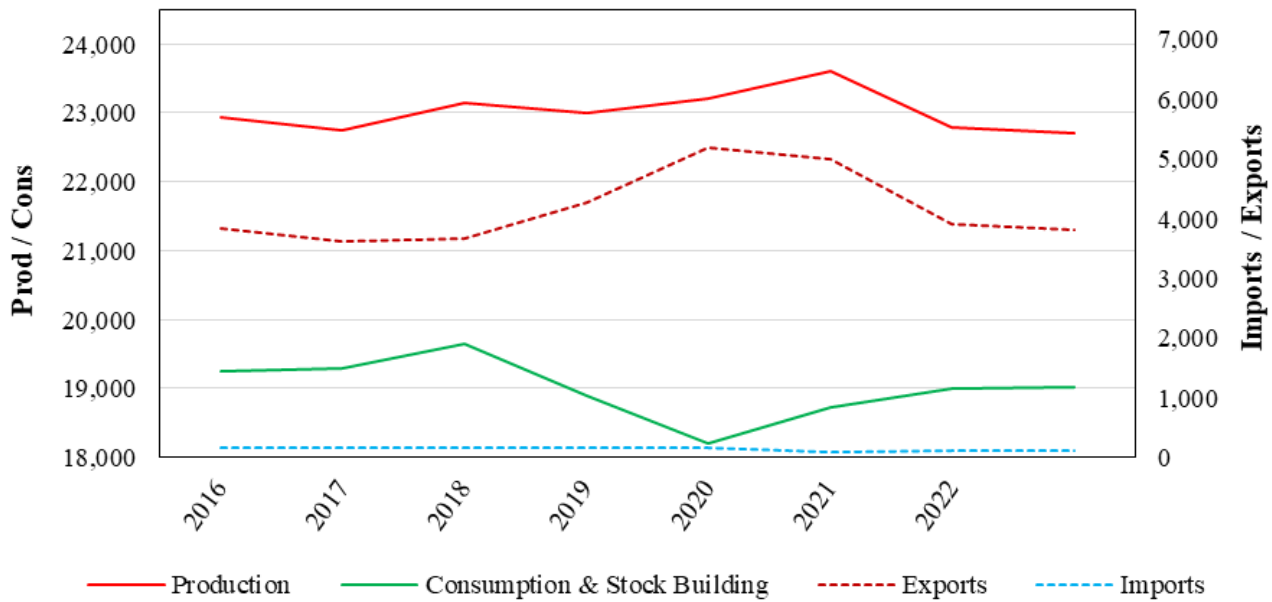
Next year, the lower slaughter level is expected to be somewhat tempered by the increase of the average slaughter weight. Weights are projected to increase based on the projected improved availability of feed grains and oilseed meals after the harvests in 2022 (southern hemisphere) and 2023 (northern hemisphere). For more information about the EU grain and feed outlook see the GAIN- [EU Grain Summer Update 2022](#), published on July 29, 2022. Pork production is forecast to decline most significantly in Germany and Poland. A noteworthy expansion of production is not projected in any EU Member State. Based on the lower production and availability of exportable cuts, EU pork exports are anticipated to fall. Also, domestic consumption is projected to decrease, due to the long-term trend of preference of poultry above pork based on health considerations, ease to prepare, and the generally lower price of poultry cuts.

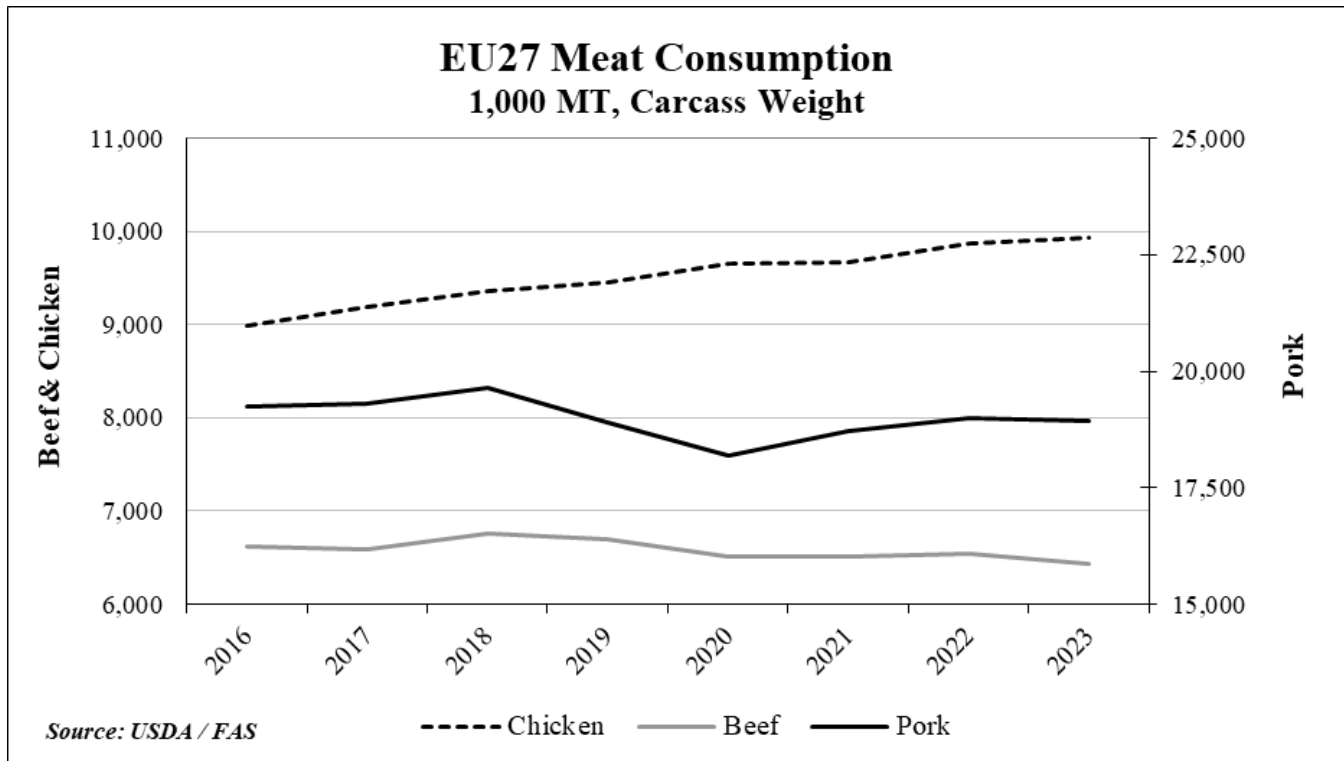
Quarterly EU27 Pork Exports Metric Tonnes, Carcass Weight



Source: TDM (last quarter FAS estimate)

EU27 Pork Balance 1,000 Metric Tonnes, Carcass Weight





Policy

Common Agricultural Policy (CAP)

The CAP proposal

On June 1, 2018, the European Commission (EC) published its new [CAP proposal](#) for the 2021 – 2027 period. After triilogue negotiations between the EC, European Parliament (EP), and Council, the new CAP for 2023-2027 was [adopted](#) on December 2, 2021, and [published](#) in the Official Journal on December 6, 2021. EU Member States (MSs) were requested to submit so-called [Strategic Plans](#), incorporating MS specific goals and initiatives, by the end of 2021, but only eighteen MSs met this deadline, with the last ones possibly lagging several months. The new CAP is due for implementation on January 1, 2023.

The Green Deal

On December 11, 2019, the EC announced the [European Green Deal](#). The EC sees the Green Deal and accompanying strategies as a way of achieving the [Paris Climate Agreement](#) and [UN Sustainable Development Goal](#) commitments. No legislative proposals to implement the Green Deal have been made to the Council or the European Parliament (EP), yet. Because the EU livestock sector is specifically identified as critical for the EU to reach its Green House Gas (GHG) emission reduction targets, the EC commissioned an external [Study on the Future of EU Livestock](#) that was published in October 2020.

The Farm to Fork (F2F) Strategy and Biodiversity Strategy

On May 20, 2020, the EC announced both the [Farm to Fork \(F2F\) Strategy](#) and the [Biodiversity Strategy](#) for 2030 as roadmaps for enhancing food and agricultural sustainability by 2030 under the Green Deal.

The goal is for Member States to tailor their new CAP programs through a [system](#) of conditions (“conditionalities”) to be met by farmers receiving area- and animal-based CAP payments. The strategy targets a 50 percent reduction in pesticide use, a 20 percent reduction in fertilizer use, a 50 percent reduction in nutrient leakage in groundwater, 25 percent of agricultural land being used for organic farming, ten percent of land being set aside for environmental areas, and an increase in nature conservation areas by 30 percent. Additionally, increased animal welfare goals and use limitations for veterinary drugs, particularly antimicrobials, are planned.

The Multiannual Financial Framework and the Next Generation EU (NGUE) proposal

On July 20, 2020 the EU Council approved a [€1.8 billion support package](#) -- a combination of the new multiannual financial framework 2021-2027 (MFF) proposal (€1.07 trillion) and a specific recovery effort, the Next Generation EU (NGUE) proposal (€750 billion). The package aims to rebuild the EU after the coronavirus pandemic and support investment in green and digital transitions. The new MFF proposal received final approval on December 17, 2020, and includes €356.4 billion for the new CAP and Fisheries policy, of which €270 billion for direct payments and market measures (together Pillar I) and €85.4 billion for rural development (Pillar II) for the 2021-2027 period. For more information about the recent proposals see the GAIN report - [Green Deal Strategies for the EU Agri-Food Sector Present a Politically Ambitious Policy Roadmap](#).

On November 17, 2021, the EC published a [proposal](#) for a Regulation aimed at preventing products causing deforestation entering the EU market. The proposal targets products which are identified by the EC as the main drivers of deforestation including cattle, raw hides and skins of cattle and leather. The proposal lays down rules for exporters and introduces a benchmarking system to determine the country of origin’s level of risk of deforestation. The risk level assigned to each country determines the level of scrutiny applied to the imports. As part of the EU legislative process, the proposal is now with the European Parliament and the EU MSs for consideration. For information, please see GAIN Report: [EU Commission Proposes Rules to Curb Deforestation Linked to Agricultural Production](#).

Veterinary Medicine Legislation

On January 28, 2022, the EU implemented the new framework for [veterinary medicine regulation](#). On October 8, 2021, the official controls, [Regulation \(EU\) 2021/1756](#), were published to ensure compliance with the prohibition of certain uses for antimicrobials. On October 6, 2021, [Commission Delegated Regulation \(EU\) 2021/1760](#) was published, establishing the criteria for antimicrobials to be reserved for use by humans. The European Medicines Agency (EMA) was [mandated](#) to draft a proposal for a list of antibiotics reserved for human medicine based on these criteria. A draft Delegated Act for the Implementation of Article 118 imposing limitations on the use of antibiotics for animals in the EU, that will also apply to operators in third countries, is yet to be proposed.

New EU Animal Welfare Legislative Roadmap

On July 5, 2021, the European Parliament’s Committee of Inquiry on the Protection of Animals during Transport (ANIT), published a [report](#) about livestock transport in the EU and to third countries. The report describes patterns in the European transport of animals and possible avenues for improved animal welfare. On January 21, 2022, the public consultation ended on the EU’s [Animal Welfare Inception Impact Assessment](#). This impact assessment marks the beginning of an EU revision of its animal welfare

legislation, which is one of the goals of the EU's F2F strategy. The aim is to have a draft animal welfare regulation approved by the end of 2023. The proposal will likely expand existing regulations for animal welfare during transport, at the farm level and at slaughter. A renewed [Animal Welfare Platform](#) was installed in May 2021 as an advisory body to inform the EC on these proposals. New initiatives for animal welfare labeling are also being discussed by the subgroup on animal welfare labeling.

African Swine Fever (ASF) Situation Update

After its initial introduction in Poland and Lithuania in 2014, ASF continued its spread across Central European Member States. On January 7, 2022, Italy became the latest EU MS to find ASF in wild boar. As of February 11, 2022, Italy has confirmed 36 ASF outbreaks in the regions of Liguria e Piemonte, about thousand kilometers Southwest of the closest infection sites in Germany and Hungary. This follows new findings of ASF more to the West in Germany in the autumn of 2021, leaving little hope for the ASF situation in the EU to improve anytime soon. Backyard farming plays a role in the spread of ASF. More information about the current ASF situation in the EU is available in the [latest map](#) and online at: https://ec.europa.eu/food/animals/animal-diseases/control-measures/asf_en The EC has resisted taking exceptional market measures for the pork market, despite repeated pleas from affected member states.

Updated U.S.-EU Beef Deal

In the spring of 2019, the United States and the EU concluded an updated agreement modifying the Memorandum of Understanding (MOU) on High Quality Beef (HQB). Under the new regime, 18,500 MT Product Weight (PW) of hormone-free raised beef is reserved for the United States, increasing to 35,000 MT PW in year seven under the new agreement. The U.S. specific quota rose to 25,400 MT in calendar year 2022, but only about half of the quota amount was used. The coronavirus pandemic is the main reason for this result because most U.S. beef imports are destined for the EU restaurant sector, which was largely shut down since the beginning of the pandemic. For the next quota year, a further HQB quota increase to 25,400 MT PW was implemented. For more details see GAIN Report - [High Quality Beef Quota Year 2021-2022 Ends Positively for US Beef Exports](#).

Brexit Update

The UK formally left the EU on January 31, 2020 and entered an 11-month transition period until December 31, 2020. During this time, the UK continued to fully comply with EU rules and legislation and the two parties negotiated a [Trade and Cooperation Agreement \(TCA\)](#) on their future relationship. This was only concluded on December 24, 2020 but avoided a no-deal outcome (also known as a hard Brexit). The UK Parliament ratified the TCA in a special assembly on December 30, 2020, allowing the provisional implementation of the agreement on January 1, 2021. From January 1, 2021, the provisions of the TCA immediately led to some border disruption, delays, and stuck shipments, especially on the UK side as EU ports and customs immediately enforced the new customs document requirements according to [EU guidelines](#), while the UK implemented a phased grace period through July 1, 2021. The EC published a specific [guide](#), as well as for [import licenses](#), on the impact of Brexit on EU Tariff Rate Quotas (TRQ). The EU provides specific [guidance](#) about the Brexit and the EU Customs Rules, including preferential origin aspects. For more information see also the FAS [UK Food and Agricultural](#)

[Import Regulations and Standards \(FAIRS\) Export Certificate Report](#) of January 11, 2021. Another source of information about exporting to the UK is [Brexit guidance](#) of the UK Government.

EU Free Trade Agreements (FTAs)

The EU is negotiating and has implemented several FTAs with other countries and regions, which include concessions on animal products. Additional information is available on the website of the EC at:

<https://ec.europa.eu/trade/policy/countries-and-regions/negotiations-and-agreements/>

DISCLAIMER

The numbers in the PSDs in this report are not official USDA numbers, but they result from a collaborative effort by FAS EU offices to consolidate PSDs from all 27 EU Member States.

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NOTE

Historic EU27 figures:

Cattle (Head) – EU27					
	2016	2017	2018	2019	2020
Beginning Stocks	79,303	79,698	79,010	77,840	77,161
Dairy Cows Beg. Stocks	21,652	21,634	21,409	21,029	20,766
Beef Cows Beg. Stocks	10,794	10,806	10,767	10,719	10,748
Production	26,907	25,652	25,461	25,365	24,970

Imports	25	43	71	99	42
Total Supply	106,235	105,393	104,542	103,304	102,173
Exports	1,040	1,086	1,060	1,070	1,123
Cow Slaughter	10,476	10,408	10,695	10,301	10,164
Calf Slaughter	6,327	6,207	6,270	6,224	5,942
Total Slaughter	24,186	24,087	24,336	23,820	23,345
Loss and Residual	1,312	1,210	1,305	1,253	1,243
Ending Stocks	79,698	79,010	77,840	77,161	76,462
Total Distribution	106,235	105,393	104,542	103,304	102,173

Beef (MT) – EU27					
	2016	2017	2018	2019	2020
Beginning Stocks	0	0	0	0	0
Production	6,939	6,951	7,067	6,964	6,882
Imports	404	392	422	435	351
Total Supply	7,343	7,343	7,489	7,399	7,233
Exports	730	761	736	701	713
Domestic Consumption	6,613	6,582	6,753	6,698	6,520
Ending Stocks	0	0	0	0	0
Total Distribution	7,343	7,343	7,489	7,399	7,233

Swine (Head) – EU27					
	2016	2017	2018	2019	2020
Beginning Stocks	144,294	142,650	145,544	143,519	143,146
Sow Beginning Stocks	11,805	11,532	11,674	11,294	11,328
Production	255,200	256,400	256,050	253,325	256,500
Imports	19	65	17	13	16
Total Supply	399,513	399,115	401,611	396,857	399,662
Exports	772	829	1,011	828	492
Sow Slaughter	3,923	3,461	4,219	3,591	3,638
Total Slaughter	250,649	247,610	250,922	247,512	247,313
Loss and Residual	5,442	5,133	6,159	5,370	5,628
Ending Stocks	142,650	145,544	143,519	143,146	146,228
Total Distribution	399,513	399,115	401,611	396,857	399,662

Pork (MT) – EU27					
	2016	2017	2018	2019	2020
Beginning Stocks	0	0	0	0	0
Production	22,947	22,758	23,156	22,996	23,219
Imports	156	156	169	164	159
Total Supply	23,103	22,914	23,325	23,160	23,378
Exports	3,847	3,617	3,671	4,266	5,167
Domestic Consumption	19,256	19,297	19,654	18,894	18,211
Ending Stocks	0	0	0	0	0

Total Distribution	23,103	22,914	23,325	23,160	23,378
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Conversion Rates:

As a result of continuous efforts to improve data reliability, the “New Post” trade forecasts in this report reflect new conversion rates. Historical data revisions (from 2005 onward) were published in April 2020 in the PSD database (<http://www.fas.usda.gov/psdonline>).

Technical Note

The definition of Carcass Weight Equivalent/Product Weight Equivalent remains the same. All quantities (beef and pork) are reported in Carcass Weight Equivalent (CWE) unless otherwise noted as Product Weight Equivalent (PWE). CWE is the weight of an animal after slaughter and removal of internal organs, head, and skin. PWE is the actual weight of the meat product exported.

ABBREVIATIONS

EC: European Commission

EU: All twenty-seven Member States of the European Union.

MS: An EU Member State

Livestock Related reports from FAS Posts in Europe:

Country	Title	Date
EU	High Quality Beef Quota Year 2021-2022 Ends Positively for US Beef Exports	07/29/22
Netherlands	Dutch Farmer Protests Against New Nitrogen Emissions Reductions Policies	07/27/22
EU	Updated Comparison of EU Tariff Rate Quotas for High Quality Bovine Meat	07/01/22
Netherlands	Concept of a Meat Tax Under Discussion in the Netherlands	06/29/22
Poland	After a Five-Month Hiatus African Swine Fever Outbreaks Return in June	06/27/22
EU	European Commission Opens Feedback Period on List of Antimicrobials Reserved for Human Medicine	04/22/22
Romania	H5N1 Confirmed in a Romanian Commercial Poultry Farm	03/22/22
EU	Livestock and Products Semi-annual 2022	03/02/22
EU	European Food Safety Authority Opens Public Consultation on Animal Welfare Guidance Methodology	02/16/22
Spain	High Input Prices Limit Expansion of Spanish Meat Production	02/11/22
EU	US Beef Imports into the EU Remained Subdued Throughout 2021	02/17/22
Portugal	Livestock Works to Improve Meat Self-Sufficiency to Meet Demand	01/27/22
EU	EU Commission Proposes Rules to Curb Deforestation Linked to Agricultural Production	01/25/22
Romania	African Swine Fever Update	11/24/21
Poland	African Swine Fever Situation in Poland	11/17/21
UK	Livestock and Poultry Situation and Outlook	10/30/21
Spain	Exports Continue to Drive Spanish Livestock Production	10/05/21
Bulgaria	Livestock and Products Annual	09/27/21
EU	Livestock and Products Annual	09/09/21
EU	COVID-19 Costs US Beef Exporters USD 100 Million of Lost High Quality Beef Sales to the EU in Quota Year 2020-21	07/20/21

Bulgaria	Bulgaria Makes Progress Recovering from ASF	05/11/21
EU	European Commission Launches Public Consultation on Revision of Feed Additives Legislation	04/27/21
Spain	Spanish Livestock Exports Keep Trotting to non-EU Markets	04/14/21
Romania	ASF Continues to Plague Romania's Hog Sector	04/08/21
EU	European Commission Launches Publishes Consultation on Criteria for the Designation of Antimicrobials to be Reserved for Human Use	04/07/21
EU	Livestock and Products Semi-annual	03/01/21
Poland	COVID-19 Outbreak on Polish Mink Farm	02/04/21
Sweden	Sweden Bans Mink Breeding Until 2022	01/29/21
EU	EFSA Evaluates EU Animal Welfare Situation in Farm to Fork REFIT Effort	01/22/21
Netherlands	Dutch Ministry of Agriculture Launches National Protein Strategy	01/15/21
EU	EU Pork Exports Reached Record Levels in 2020	01/15/21
EU	COVID-19 Hampers 2020 US High Quality Beef Quota Exports to the EU	01/11/21
Netherlands	Dutch Parliament Approves Law to Reduce Nitrogen Emissions	01/07/21

These GAIN Reports, and more, can be downloaded from the FAS website:

<https://gain.fas.usda.gov/#/search>

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Attachments:

No Attachments