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EU-27

Trade Policy Monitoring

EU Agricultural Trade Report - Update

2007

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Report Highlights:
This report is an update to the basic trends in EU-27 agricultural imports over the six-year period of 2001 through 2006. It highlights the figures on the United States' exports to the EU along with the EU's main trade partners in each sector. The graphs and concise analyses in this report illustrate the market trends for agricultural product imports during this six-year period.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Brussels USEU [BE2]
[E4]

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Executive Summary

This report is an update of the 2006 GAIN Report – E36060. Since the original report two more countries, Bulgaria and Romania, have joined the European Union. This report aims to analyze the basic trends in EU-27 agricultural imports over the six-year period from 2001 through 2006. It highlights the figures on the United States' exports to the EU along with the EU's main trade partners in each sector. The numerous graphs and analyses in this report clearly illustrate the market trends for agricultural product imports during this six-year period.

The data for this report was gathered from the Global Trade Atlas and accounts for all 27 European Union Member States' imports during the six-year period. The analysis was conducted following the BICO commodity grouping method at the six-digit Harmonized Tariff System level. BICO is inclusive of all agricultural commodities, grouped as Bulk, Intermediate, Consumer-Oriented, Forest, and Fish/Seafood Products. Respective groups account for the following products:

<u>Bulk products</u>

·coarse grains ·cotton ·peanuts ·tobacco
·pulses ·rice ·soybeans ·wheat

<u>Intermediate commodities</u>

·animal fats ·hides, skins ·live animals
·planting seeds ·soybean meal ·soybean oil
·wheat flour ·sugar, sweeteners, beverage bases

<u>Consumer-oriented commodities'</u>

·breakfast cereals ·dairy products ·eggs and egg products
·nursery products ·pet food ·poultry meat
·red meats ·snack foods ·fresh fruits and vegetables
·wine and beer ·processed fruits and vegetables
·tree nuts ·fruit and vegetable juices

<u>Forest products</u>

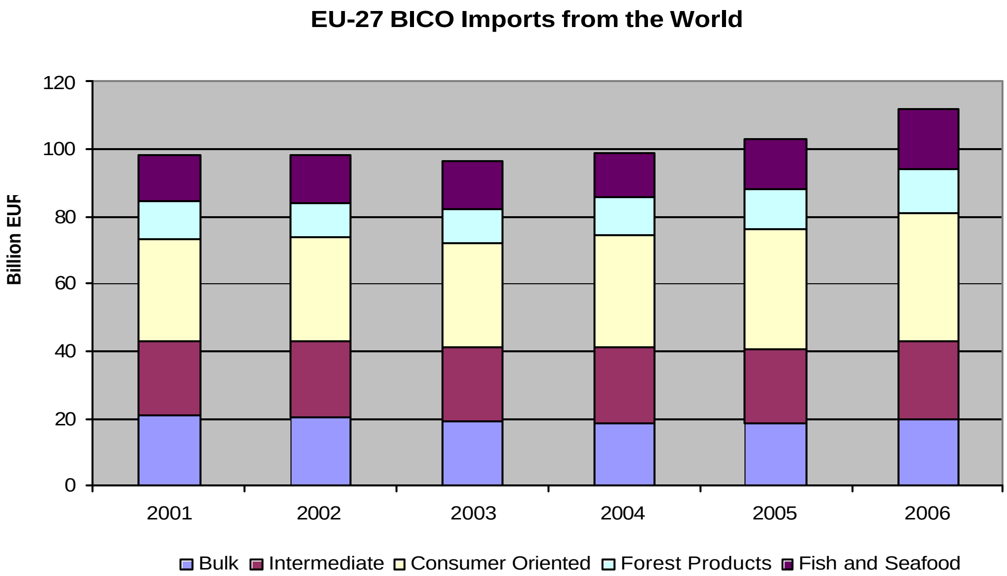
·logs and chips ·softwood ·value-added wood products
·treated lumber ·hardwood ·panel products

<u>Fish and seafood products</u>

·crab and meat ·roe and urchin ·surimi (fish paste)
·salmon ·other edible fish and seafood

This report first examines overall trends in EU-27 BICO imports from the world and from the United States. This is followed by an analysis of each of the five BICO categories. In each of the five sections, the first graph illustrates the trends in world imports to the EU-27 in the BICO category. Subsequent graphs look at the specific products composing each category and the main countries supplying imports to the EU-27. The analyses are done with a particular focus on U.S. product import trends.

Introduction: EU-27 Agricultural Imports



EU-27 agricultural imports grew significantly between 2001 and 2006, with a slight downturn in 2003. Agricultural imports in 2006 were 8 percent greater than those in 2004. In 2006, consumer oriented products accounted for nearly 34 percent of all agricultural imports into the EU-27. Bulk products were the second most imported goods at 18 percent, followed by intermediate products at 18 percent; fish and seafood products at 16 percent; forest products at 12 percent[1].

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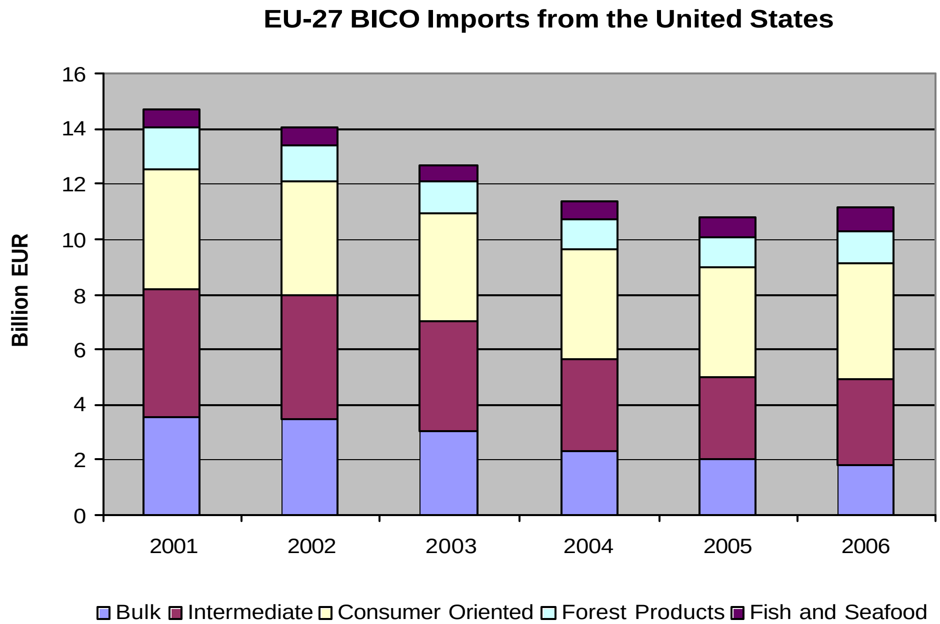
[1] Bulk products include wheat, rice, cotton, pulses, coarse grains, soybeans, tobacco, peanuts, and other bulk commodities

Intermediate products include wheat flour, soybean oil, feeds and fodders, hides and skins, planting seeds, soybean meal, vegetable oils (excluding soybean), live animals, animal fats, sugar, sweeteners, beverage bases

Consumer oriented products include snack foods; red meats, fr/ch/fr; poultry meat; eggs and products; fresh vegetables; fruit and vegetable juices; wine and beer; pet foods; breakfast cereals; red meats, prep/pres; dairy products; fresh fruit; processed fruit and vegetables; tree nuts; nursery products; other consumer oriented.

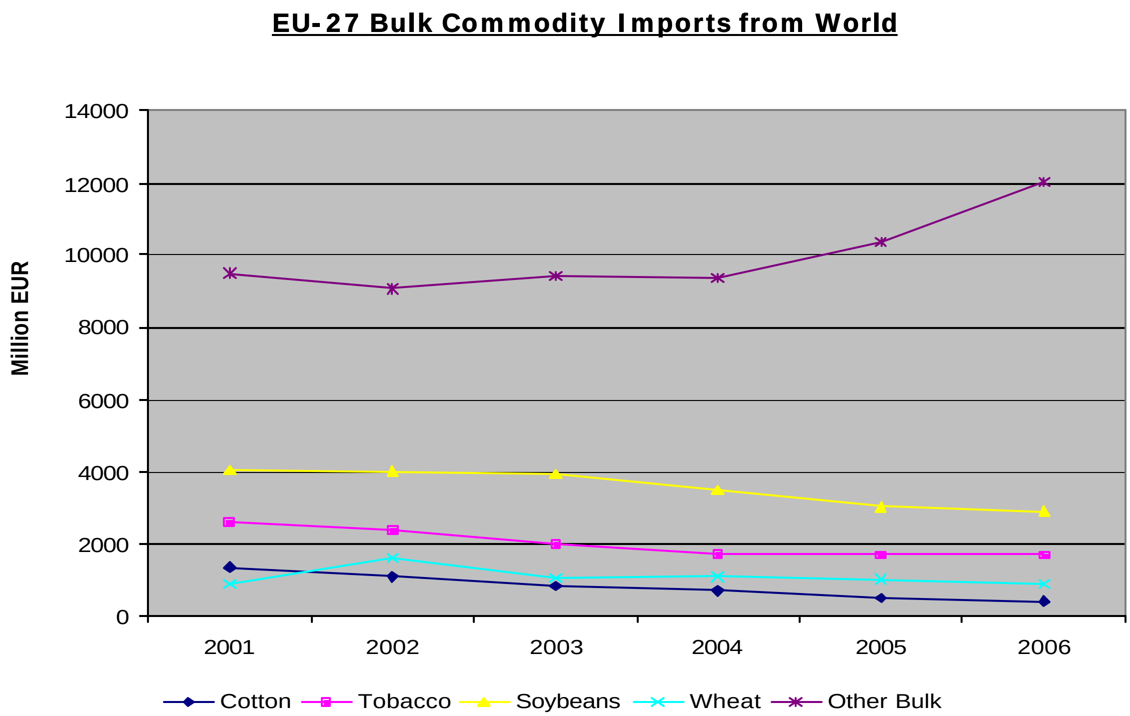
Forest products include logs and chips, softwood and treated lumber, hardwood lumber, panel products (including plywood), and other value-added wood products.

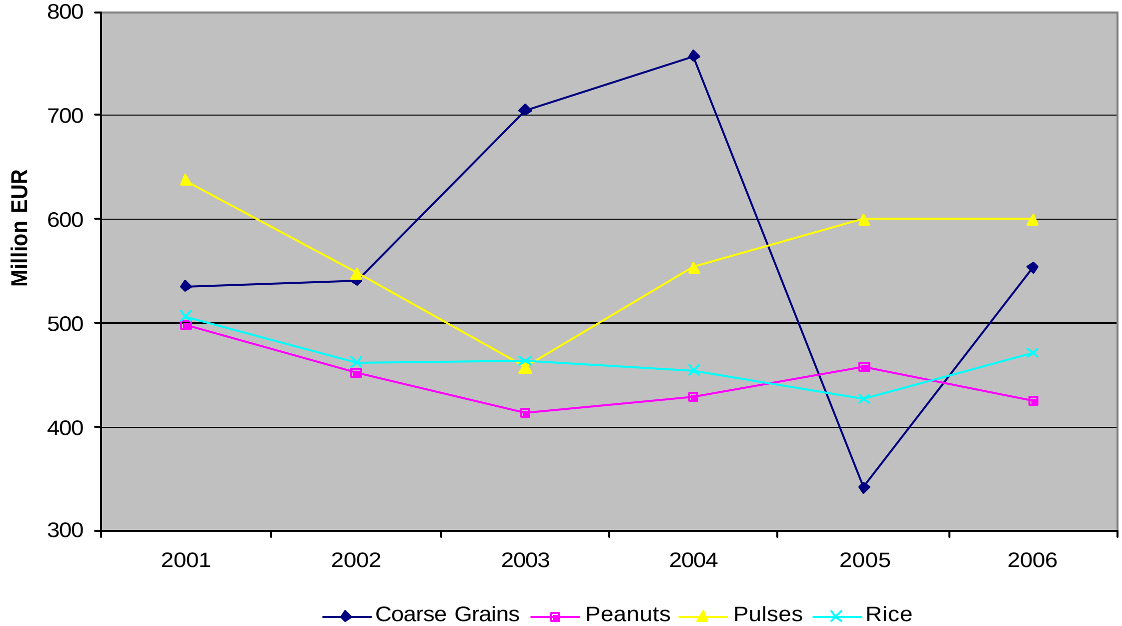
Fish and seafood products include salmon whole and eviscerated, crab and meat, roe and urchin, salmon canned, surimi (fish paste), and other edible fish and seafood.



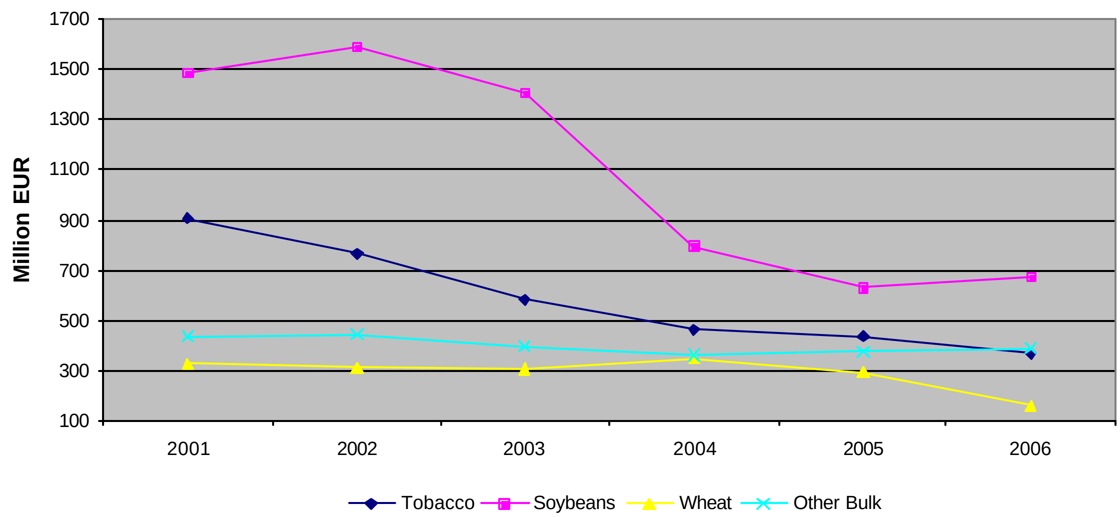
EU-27 agricultural imports from the United States declined between 2001 and 2006. Imports from the United States fell from over 14.7 billion euros in 2001 to 11.1 billion euros in 2006. In 2006, consumer oriented products led imports from the U.S. at 37 percent of all agricultural imports into the EU-27. Intermediate products accounted for 28 percent of imports, followed by bulk goods, 17 percent; forest products, 10 percent; and fish and seafood, 7 percent.

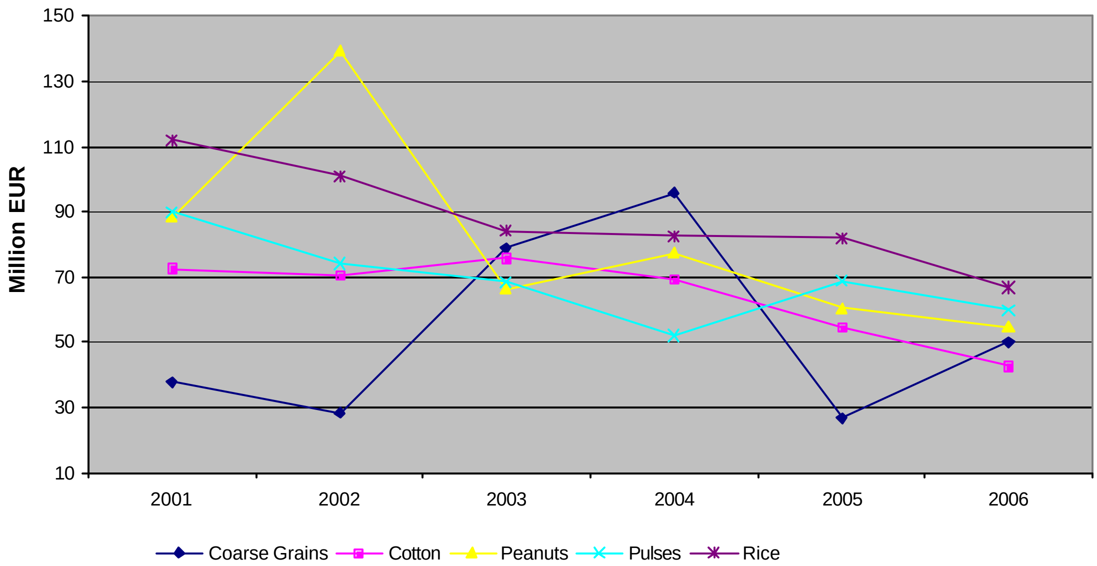
Bulk Products





EU-27 Bulk Commodity Imports from United States



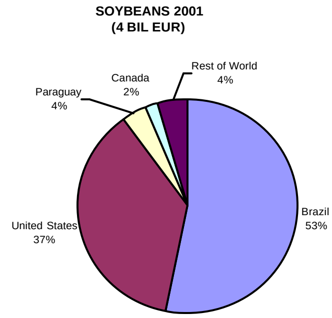


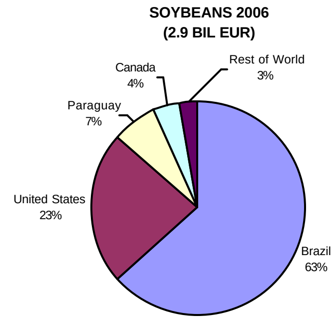
In 2006, the EU-27 imported 12 billion EUR of other bulk commodity products from around the world, which accounted for 60 percent of all bulk commodity imports. While other bulk commodities account for the greatest amount of imports to the EU, these products are largely coffee, cocoa, cane sugar, and black tea. Of those 60 percent, the United States supplies 21 percent. In 2006, the United States was the leading provider of cereals and sunflower seeds, both of which fall in the other bulk commodities classification.

Soybeans are the second most imported bulk commodity in the EU, and are a significant export product for the United States. The total value of EU imports of soybeans fell by 28 percent from 2001 to 2006; imports from the United States in the same period fell by 55 percent. Nonetheless, soybeans led overall imports of bulk products from the United States in 2006, accounting for 36 percent of bulk imports.

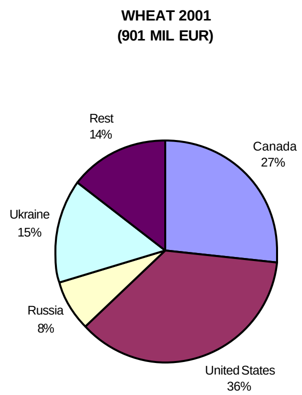
Tobacco fell from second to third most imported product for the first time behind other bulk commodities from the United States in 2006, but still accounted for 20 percent of U.S. bulk imports into the EU. EU world imports of tobacco continued to decline, falling 34 percent between 2001 and 2006. In the same period, imports from the United States fell by 60 percent.

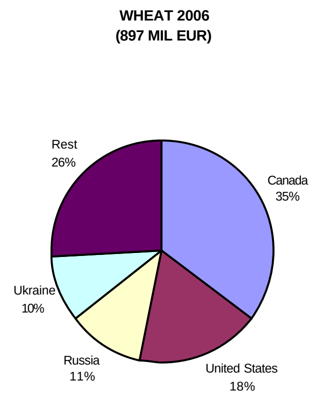
Imports of U.S. wheat fell significantly over the six year period. While total imports of wheat decreased by only 0.5 percent, imports from the United States fell by 50 percent from 2001 to 2006. World cotton imports have steadily declined from 1.4 billion EUR in 2001 to 431 million in 2006. Imports from the United States fell from 73 million EUR to 43 million EUR. World imports of pulses, rice, and peanuts remained fairly constant over the six year period, but imports of these products from the United States in 2006 were 33 percent to 40 percent lower than in 2001.



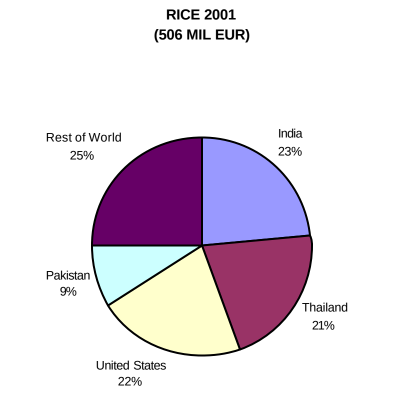


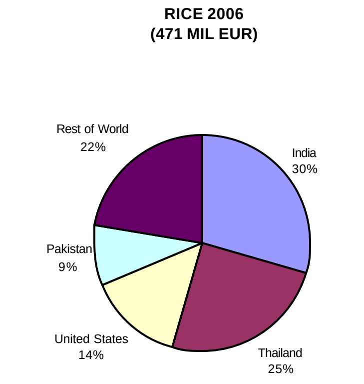
EU-27 soybean purchases decreased 28 percent over the six year period. However, Brazil's share of the EU world import market increased by 10 percent, capturing nearly two-thirds of the market in 2006. Paraguay and Canada also increased their presence in the EU soybean markets. The U.S. share of the market fell by 14 percent. It should also be noted that soybean imports are related to imports of processed soybean products (soybean oil and soybean meal), which will be discussed in the intermediate products section.



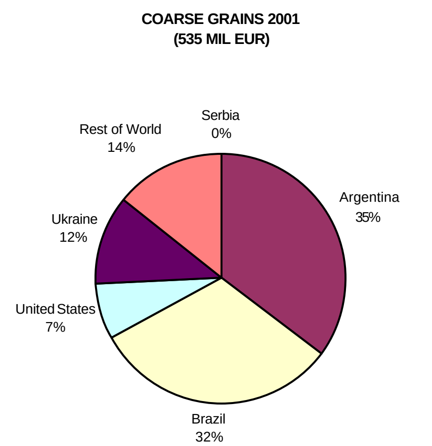


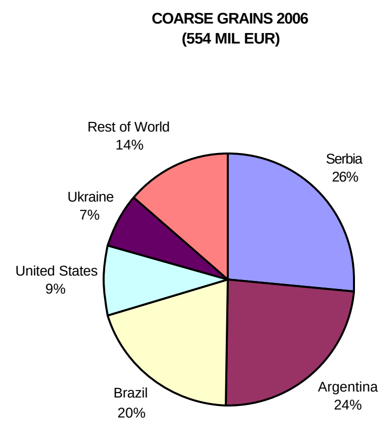
Wheat imports into the EU-27 fell in 2006 compared to 2001. Wheat imports had topped one billion EUR between 2002 and 2005. The 2006 imports of 897 million EUR were down from 1.03 billion EUR in 2005, a decrease of 13 percent. Canada remained the leading importer from 2002 to 2006, increasing its share of the market by 8 percent. The U.S. share of the import market was cut in half, decreasing from 36 percent to 18 percent in the six year period.





In 2001, India, the United States, and Thailand had nearly equal share of the EU rice market, at 23 percent, 22 percent, and 21 percent, respectively. By 2006, the United States had lost much of its share, accounting for only 14 percent of the EU-27 world rice imports. India and Thailand both increased their shares of the rice import market.





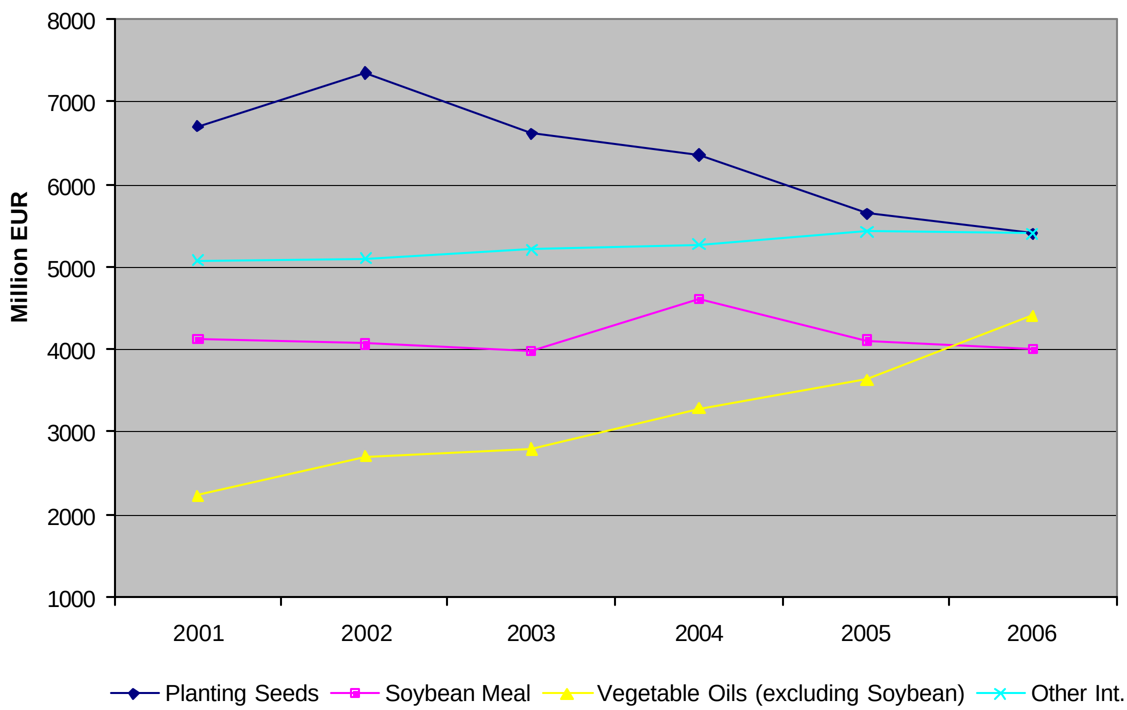
Note: Imports from Serbia were reported under Serbia & Montenegro in the beginning of the six year period, both Serbia and Serbia & Montenegro in the middle years, and only Serbia in the final year.

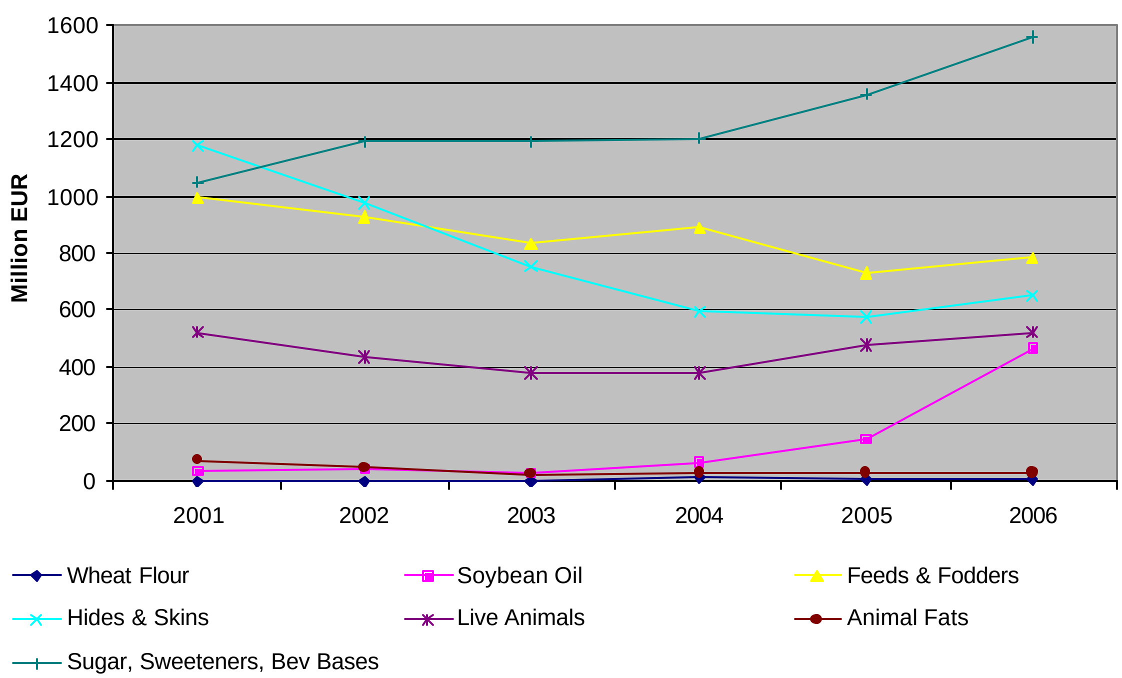
EU-27 coarse grain[2] imports from Serbia increased substantially from 2001 to 2006. In this period, Serbia's share of EU-27 coarse grains imports increased from a minute amount to over one-quarter of all imports. Brazil and Argentina both lost significant market share in the six year period. Imports from the United States in this period increased by 2 percent. The United States was the leading supplier of Grain Sorghum in 2006, supplying 86 percent of all EU-27 imports.

[2] Coarse grain consists of barley, corn, sorghum, oats, and rye.

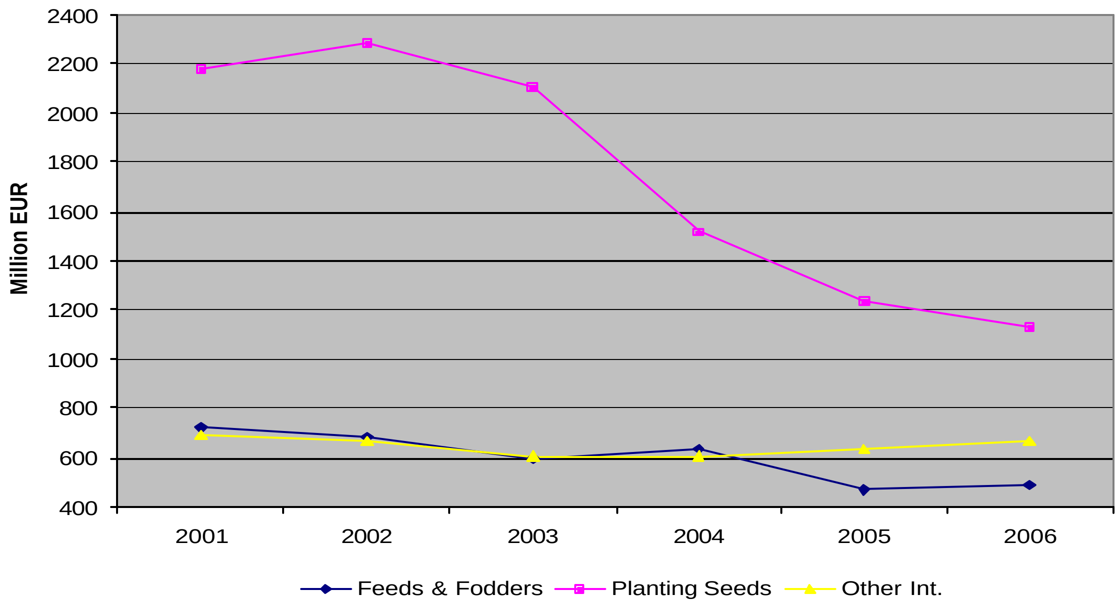
Intermediate Products

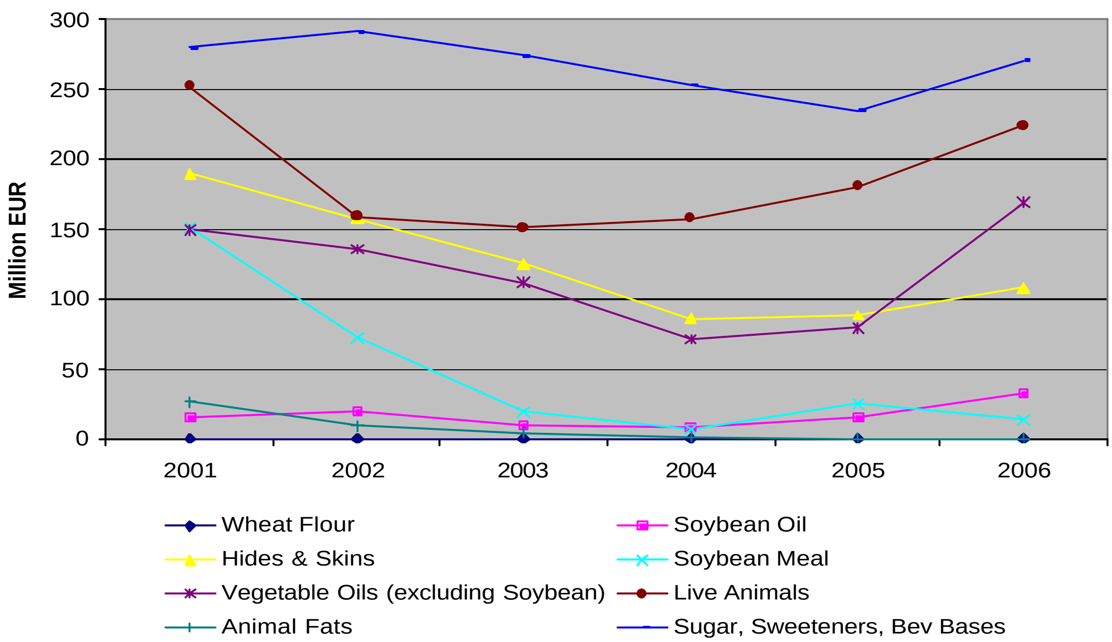
EU-27 Intermediate Imports from World





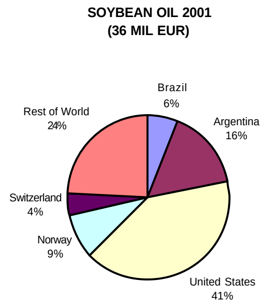
EU-27 Intermediate Imports from United States

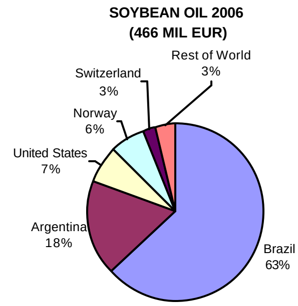




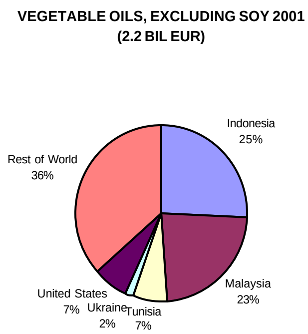
EU-27 world imports of intermediate products increased from 22 billion EUR in 2001 to 23.2 billion EUR in 2006. Planting seeds imports were the largest category, with 23 percent of total Intermediate product imports. Other intermediate products[3] also accounted for 23 percent of the total.

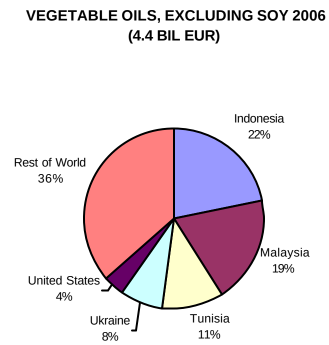
[3] Other intermediate products is comprised of a large variety of products including bull semen; cattle embryos; copra, corn oil, cottonseed, linseed, palm kernel, peanut, rape and colza, and sunflower seed cake and meal; wool and animal hair; miscellaneous poultry; sausage casings; and essential oils.



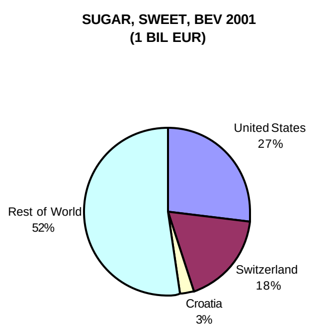


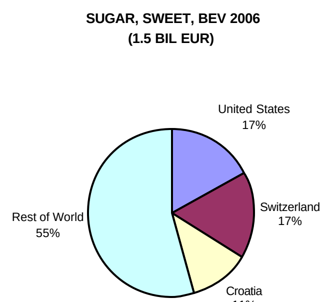
The value of soybean oil imports to the EU grew significantly between 2001 and 2006. Imports increased by 430 million EUR, a 12-fold increase from 2001. The majority of the increase came from Brazil, but imports from the United States more than doubled in the period as well. Although every country importing to the EU-27 other than Argentina and Brazil experienced a decrease in market share, all had substantial increases in value of soybean oil imported.



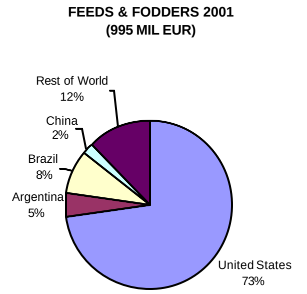


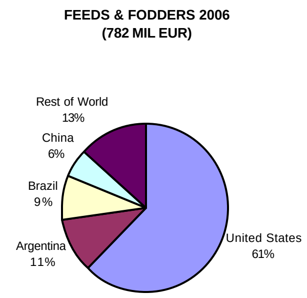
Vegetable oils originate from a multitude of countries, depending on the nature of the oil. India and Malaysia supply palm oil; Tunisia, olive oil; Philippines, coconut oil; Argentina and Ukraine, sunflower oil; India, castor oil. The total EU-27 imports of vegetable oils, excluding soy doubled from 2001 to 2006. The United States, which provides some fixed vegetable oils and oil mixtures, experienced a much smaller increase in the value of oil traded and overall lost market share.



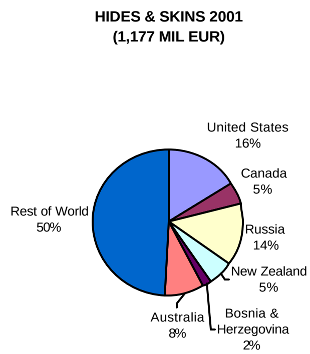


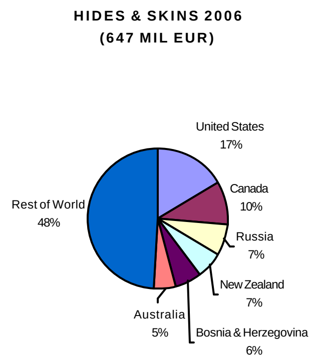
EU-27 sugars, sweeteners, and beverage bases imports increased 50 percent over the six years. Despite the increased demand, the value of U.S. sugar exports to the EU decreased slightly over the period, while the market share fell from 27 percent to 17 percent. In 2006, both the United States and Switzerland accounted for 17 percent of the market. The rest of the world accounted for 55 percent of the market, with numerous countries capturing some portion of market share.



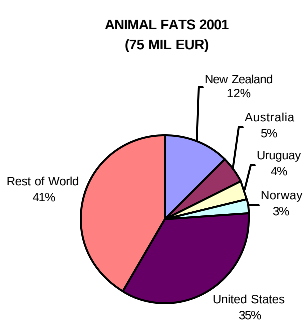


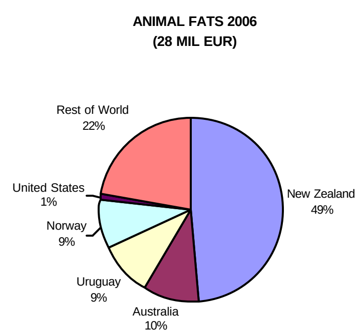
Imports of feeds & fodders fell by 21 percent from 2001 to 2006. The United States continued to dominate the import market but the market share decreased by 12 percent. These products are mainly by-products such as corn gluten feed from cornstarch manufacturing, as well as residuals from brewery and distillation.





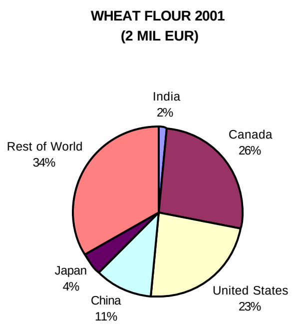
EU-27 imports of hides and skins decreased by 45 percent from 2001 to 2006. The United States increased its share of the market although overall value of imports fell. The market for hides and skins is highly diversified, with many countries supplying to the EU-27.

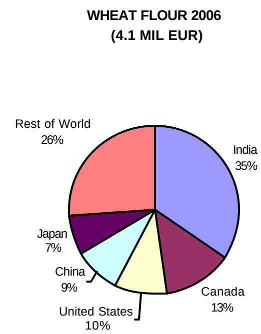




The animal fat market, which comprises a large number of by-products, was dramatically affected by new EU legislation during the six-year period. World imports fell by 62 percent. The United States, which captured 35 percent of the market in 2001, had only 1 percent of the market in 2006. Imports from New Zealand increased by 45 percent and in 2006 the country had nearly half of the EU-27 import market.

Most EU-27 animal fat imports are animal by-products not intended for human consumption. In 2002, the EU passed new legislation in this area, Regulation EC/1774/2002, laying down health rules concerning animal by-products not intended for human consumption. It requires that animal by-products used in the production of feeds and pet foods be derived from the carcasses of animals declared fit for human consumption following veterinary inspection, has provisions against intra-species recycling, fallen stock, and yellow grease, and requires exporters to accompany their goods with health certificates.

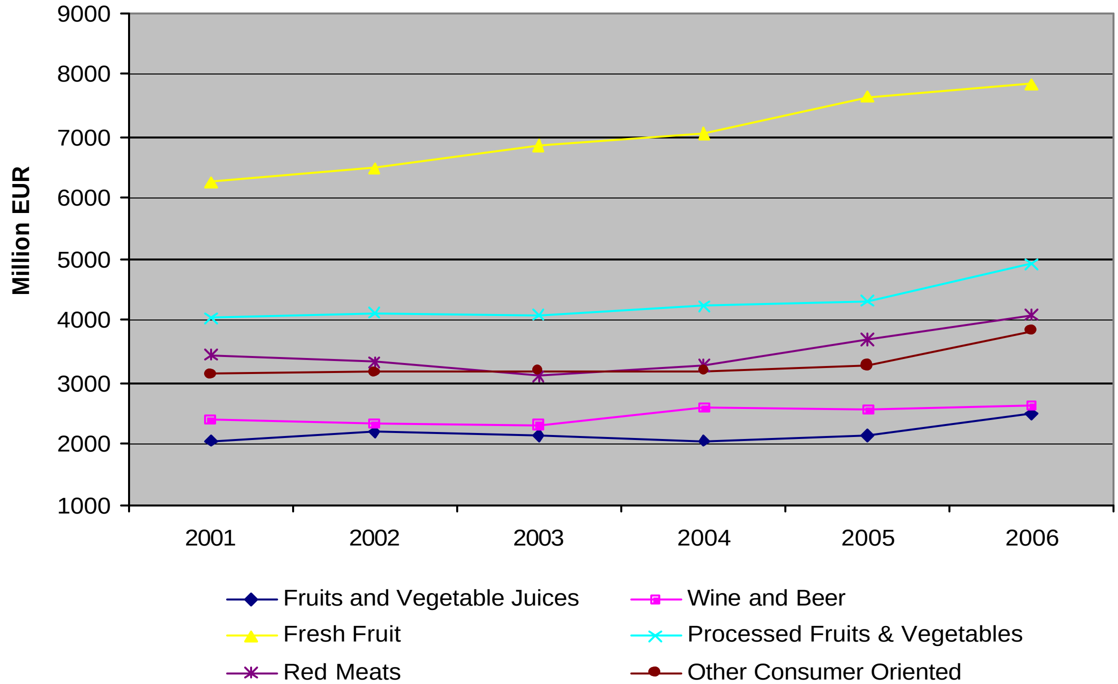


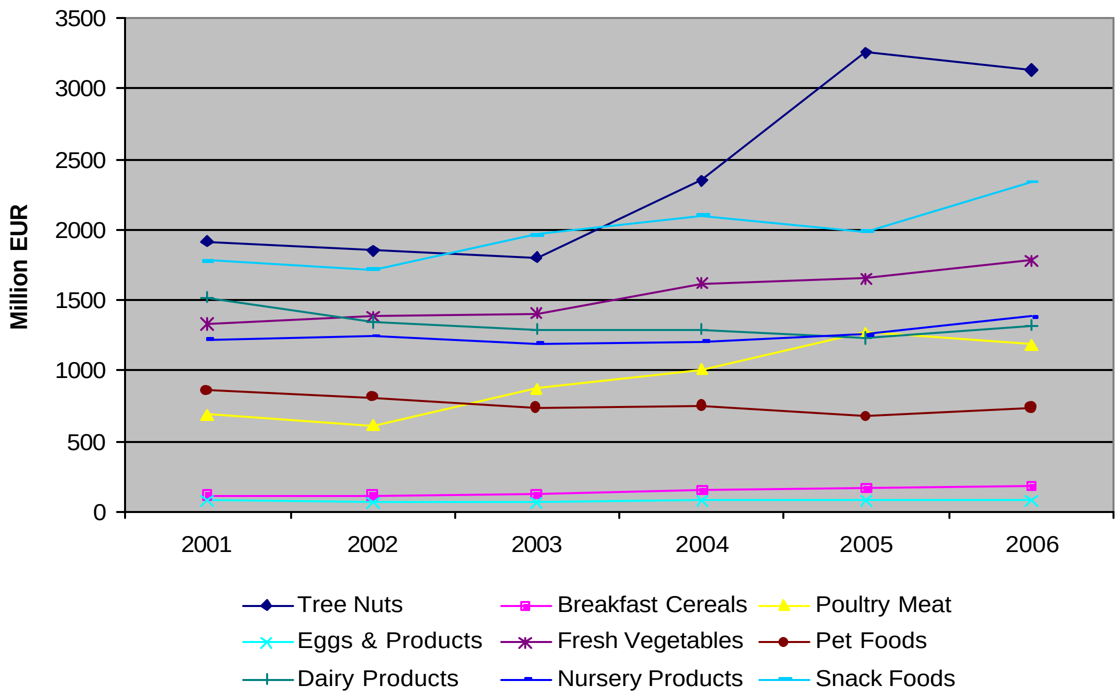


The value of imports of wheat flour into the EU-27 doubled from 2001 to 2006. The value of wheat flour imported from the United States fell by 17 percent in the six years, while imports from China, Japan, and India all increased substantially.

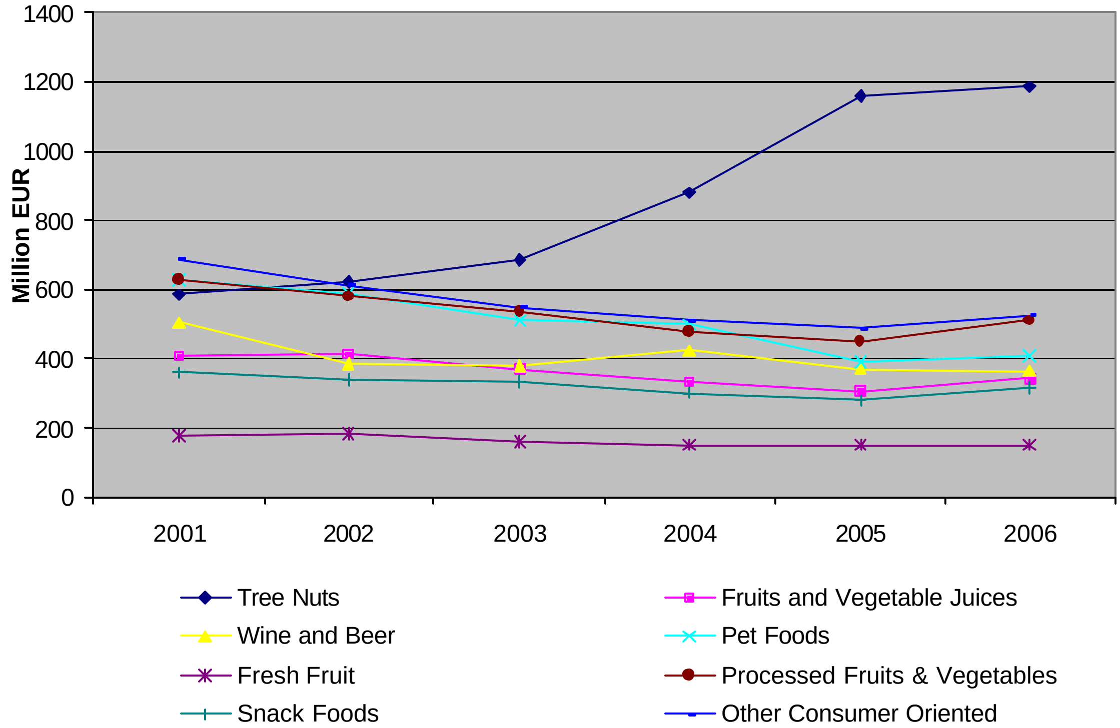
Consumer Oriented Products

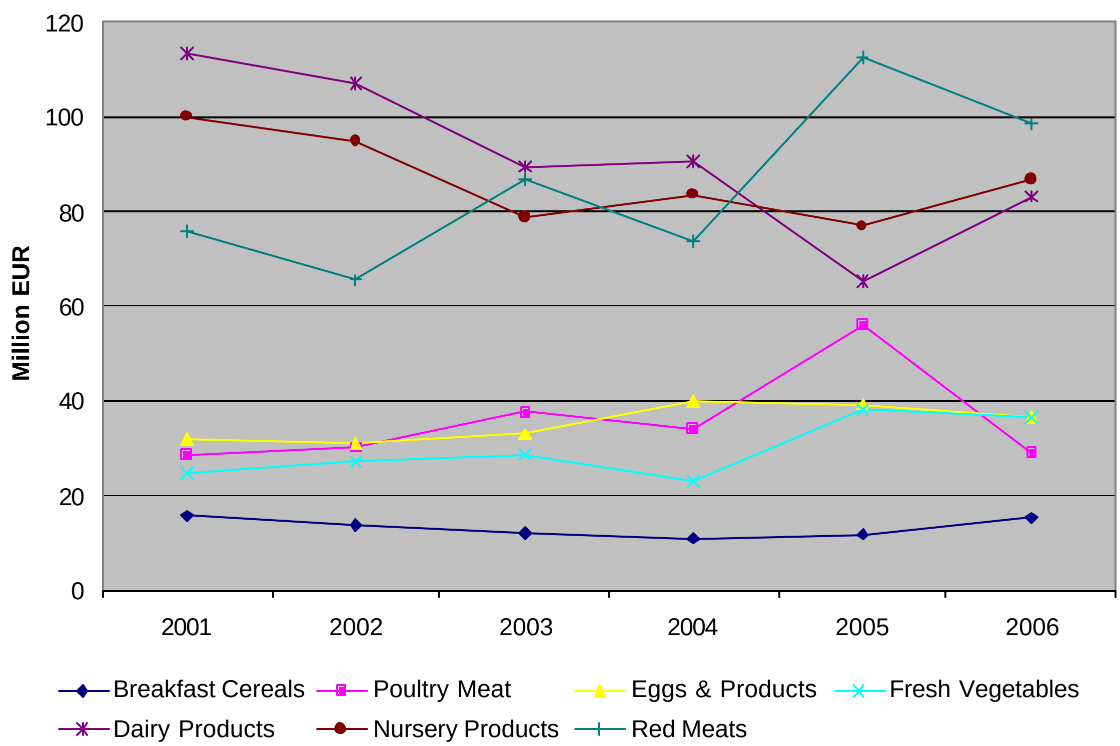
EU-27 Consumer Oriented Imports from World



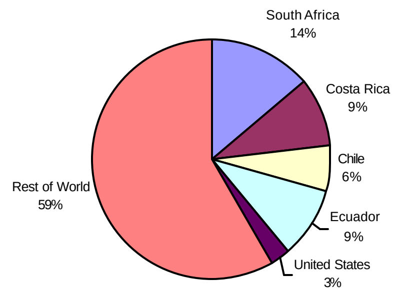


EU-27 Consumer Oriented Imports from United States

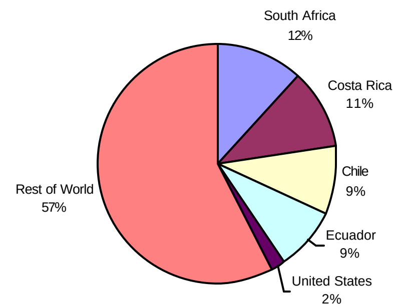




FRESH FRUIT 2001
(6.2 BIL EUR)

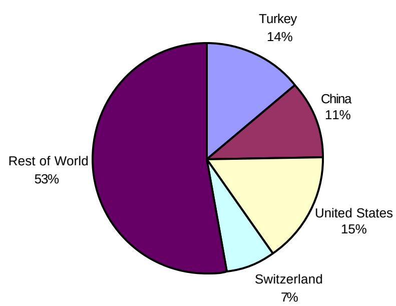


FRESH FRUIT 2006
(7.8 BIL EUR)

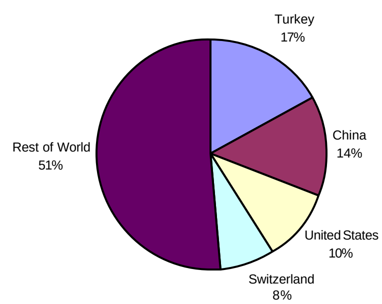


Imports of fresh fruit approached 8 billion EUR in 2006, a 25 percent increase from 2001. Despite the overall increase, the U.S. fresh fruit industry experienced a 15 percent decrease from 2002 to 2006. The main suppliers of fresh fruit to the EU-27 market are South Africa (grapes, oranges, apples), Costa Rica (bananas and pineapples), and Ecuador (bananas). In 2006, the United States was the 15th largest supplier of fresh fruit to the EU-27.

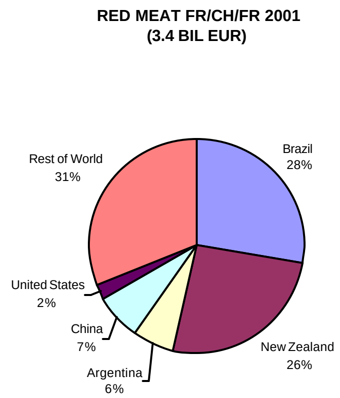
PROCESSED FRUITS & VEG 2001
(4 BIL EUR)

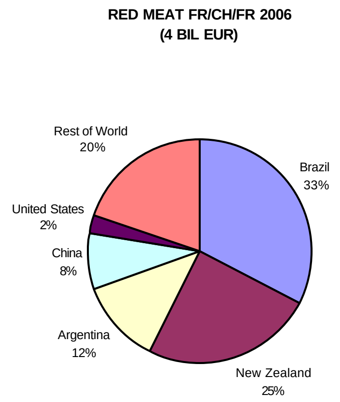


PROCESSED FRUITS & VEG 2006
(4.9 BIL EUR)

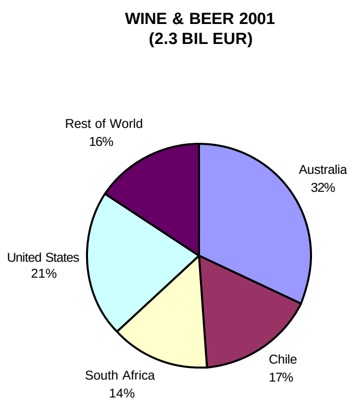


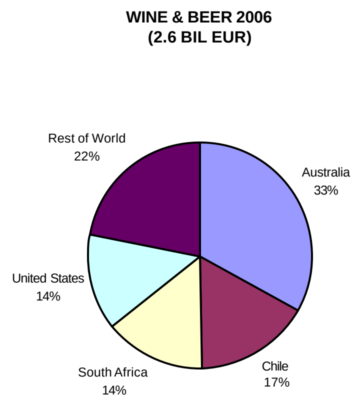
The processed fruits and vegetables import market grew to 4.9 billion EUR in 2006, an increase of 21 percent from 2002. Imports from the United States decreased by nearly 19 percent over this period. Turkey, providing the largest quantity of EU-27 processed fruit and vegetable imports, supplies dried grapes, figs, and apricots. China is now the second largest provider, supplying tomato paste and processed asparagus.



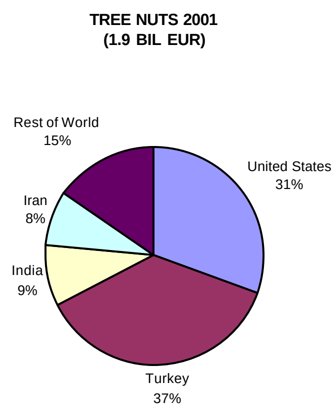


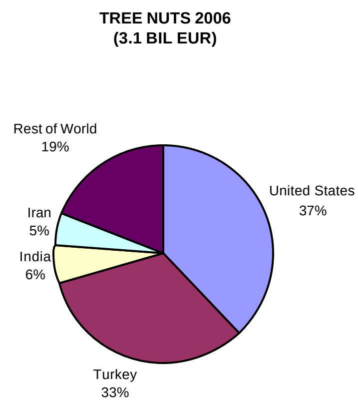
The import market of fresh/chilled/frozen meat increased by 18 percent from 2001 to 2006. Most EU-27 imports of these products come from the southern hemisphere. Brazil and Argentina are the largest suppliers of bovine meat, while New Zealand is the source of most sheep meat and offal. While value of U.S. red meat products increased by 30 percent, the market share remained at 2 percent.



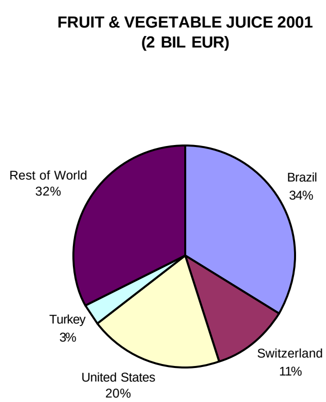


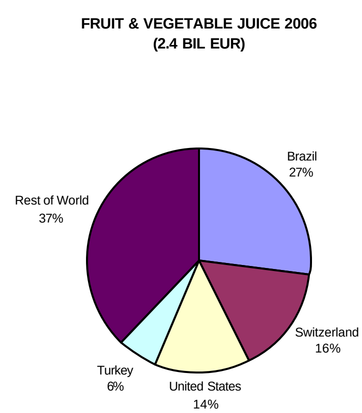
The imports of wine and beer into the EU-27 increased between 2001 and 2006, but the value of U.S. products imported decreased by nearly 28 percent over the six year period. The market share lost by the United States was primarily captured by countries encompassed by the "Rest of the World" category. Australian wine and beer products are the most imported into the EU-27. Chile and South Africa maintained their shares of the market.





Imports of tree nuts[4] into the EU-27 grew 63 percent between 2001 and 2006. The United States has been successful in increasing imports in this category; market share increased by 6 percent while actual value of imports from the United States more than doubled in the six year period. The United States maintains a leading share in almond exports and is also the main exporter of pistachios. Turkey is the main supplier of hazelnuts while India provides the majority of the cashews. Note that peanuts are not included in this market.





EU-27 imports of fruit and vegetable juices increased by 21 percent in the six year period. The United States and Brazil both lost market share in the six year period and had a decrease in the value of their products imported. Switzerland, a center for juice processing, captured a greater share of the market in 2006 than 2001.

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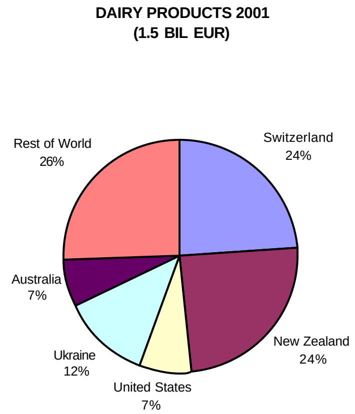
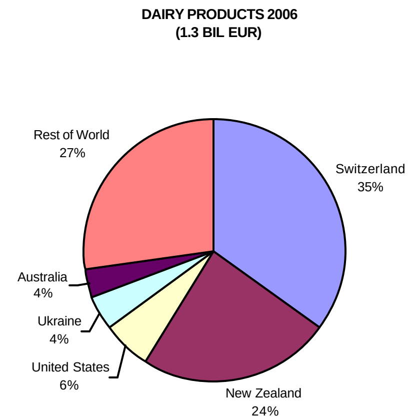
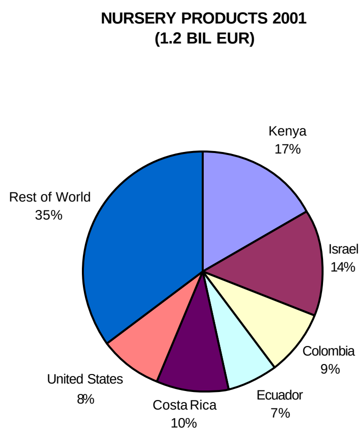
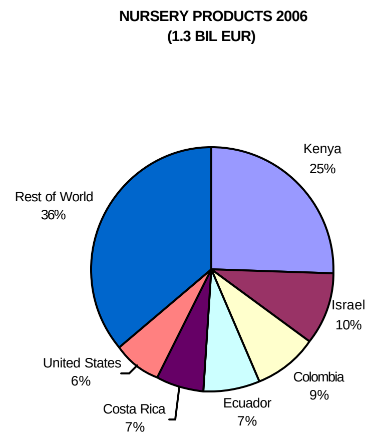
[4] Tree nuts include coconuts, Brazil nuts, cashews, almonds, hazelnuts, walnuts, chestnuts, pistachios, macadamia nuts, pecans, pignolia, and nuts or seeds not otherwise specified.



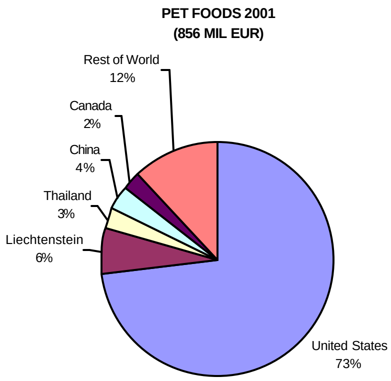


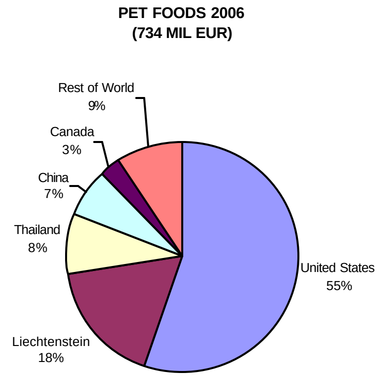
EU-27 imports of dairy products decreased over the six year period. The value of U.S. products fell by 26 percent, though market share only decreased by 1 percent. Switzerland expanded its share of the market by 11 percent, while New Zealand, the second largest supplier, maintained a 24 percent share of the market. Switzerland is the main supplier of a variety of dairy products including milk and cream, yogurt, and ice cream. New Zealand is a major provider of milk and cream powder, butter, and products such as casein and milk albumin.



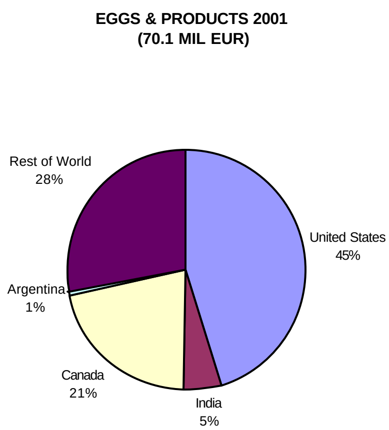


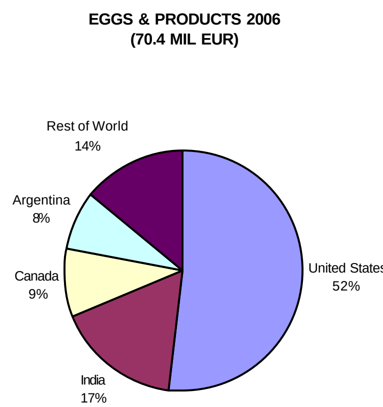
Imports of nursery products into the EU remained fairly stable, valued at 1.3 billion EUR in 2006. The United States lost market share over the six year period. Kenya, Colombia, and Ecuador are important exporters of cut flowers. The United States is the main supplier of foliage and branches.





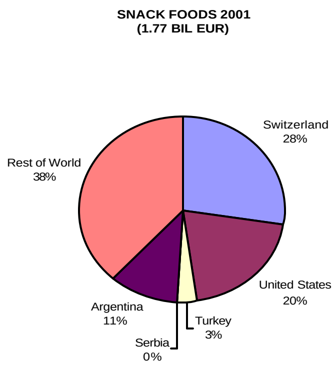
Imports of pet foods to the EU-27 decreased by 14 percent from 2001 to 2006. The United States still accounts for more than half of all pet foods imports, but its market share fell by 18 percent over the six year period. Lichtenstein gained the majority of the share lost by the United States, but Thailand, China, and Canada all increased their shares of the market.

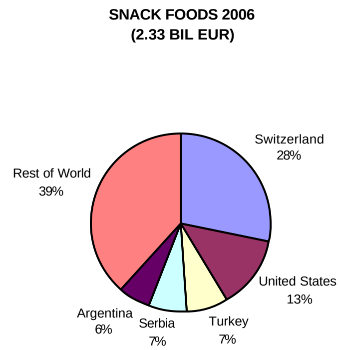




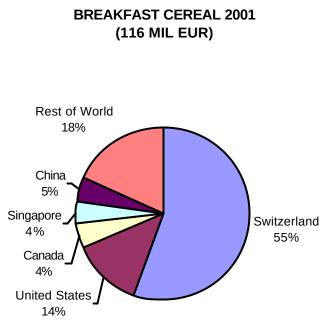
EU-27 imports of eggs and egg products remained relatively stable from 2001 to 2006. The United States increased its market share by 7 percent, accounting for more than half of all egg products imported in 2006. India's share of the market increased significantly, while Canada's share declined dramatically.

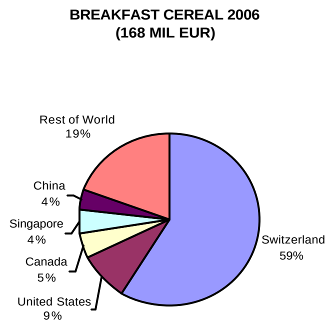
The EU-27 Snack Foods and Breakfast Cereals Imports are both part of the Consumer-Oriented Products category. In limiting product numbers to 6-digit HS codes including all related products while excluding those unrelated products was significantly challenged. For example, in the snack foods category, 'popcorn' requires an 8-digit specification. In sorting products by 6-digit headings, we were limited to 'corn' as a snack food, which is incorrect. There were no exceptions made for these categories, only 6-digit HS codes were used. With this disclaimer, we provide the following data.





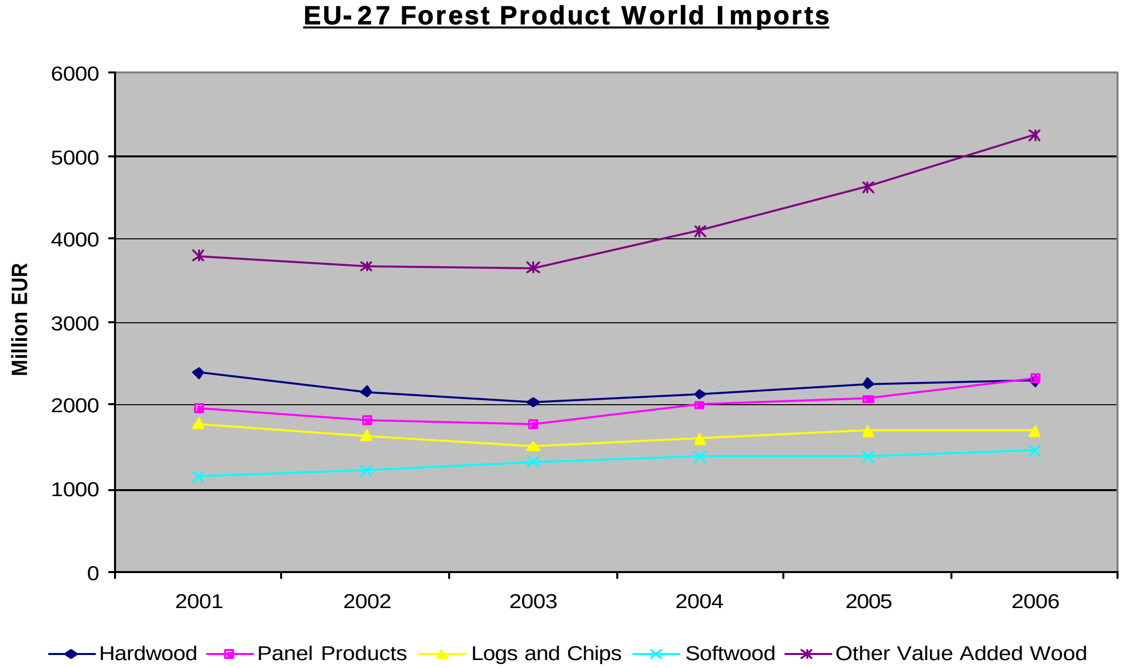
Most imports of snack foods into the EU-27 came from Switzerland. The United States was the second largest supplier, though the share of U.S. snack food products imported into the EU-27 fell by 7 percent between 2001 and 2006. The U.S. exports in this category consisted primarily of food preparations not elsewhere specified or included.





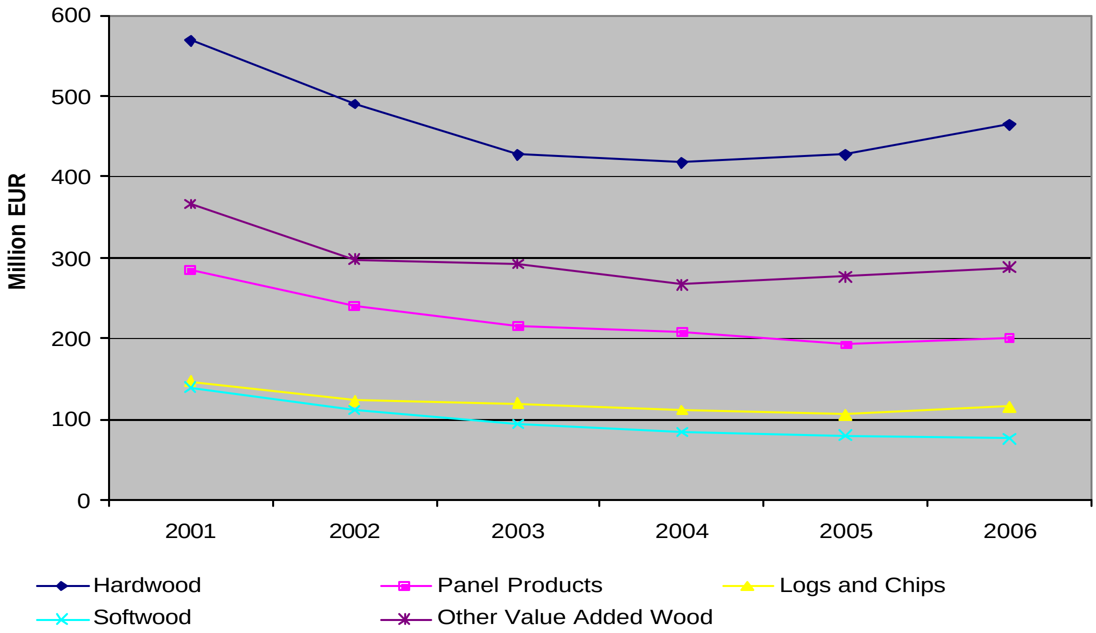
World imports of breakfast cereals into the EU-27 increased by over 50 million EUR between 2001 and 2006. Switzerland experienced an increased share of the market in breakfast cereals over this time. The United States maintained its position as the second largest importer, but the market share fell by 5%. The leading import from the United States in breakfast cereals is mixes and doughs for preparation of bakers' wares.

Forest Products



Forty percent of the imported forest products to the EU-27 are in the “other value-added wood products” category, which include wooden frames for windows, doors, mirrors, and other objects; shuttering; shingles; parquet panels; fuel wood; wooden tableware and kitchenware; and wood in the rough. The other categories, in order of importance, are panel products, hardwood, logs and chips, and softwood.

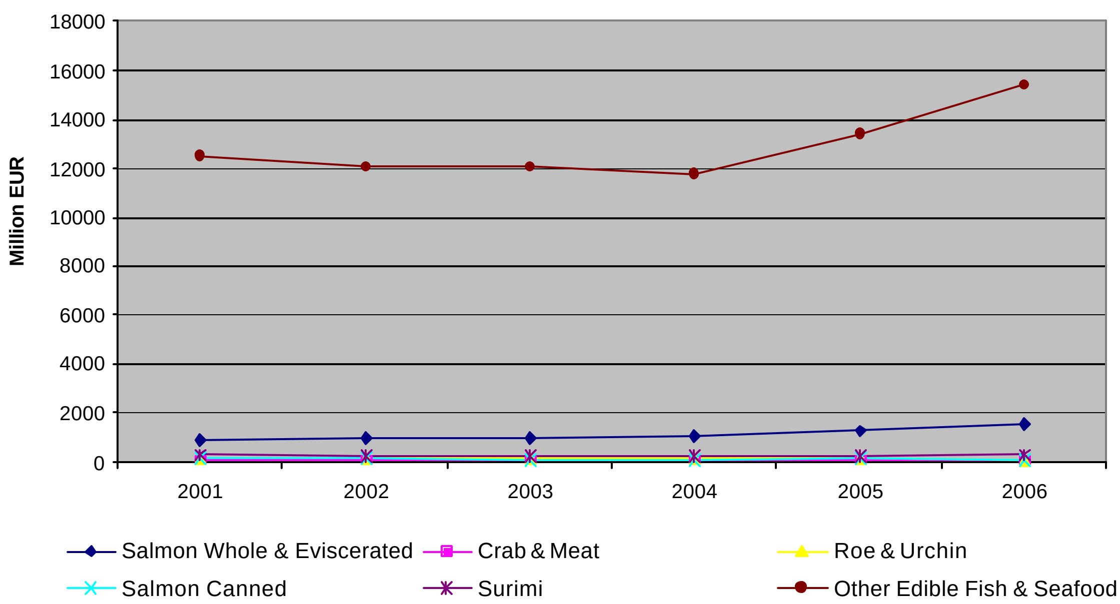
EU-27 Forest Product US Imports

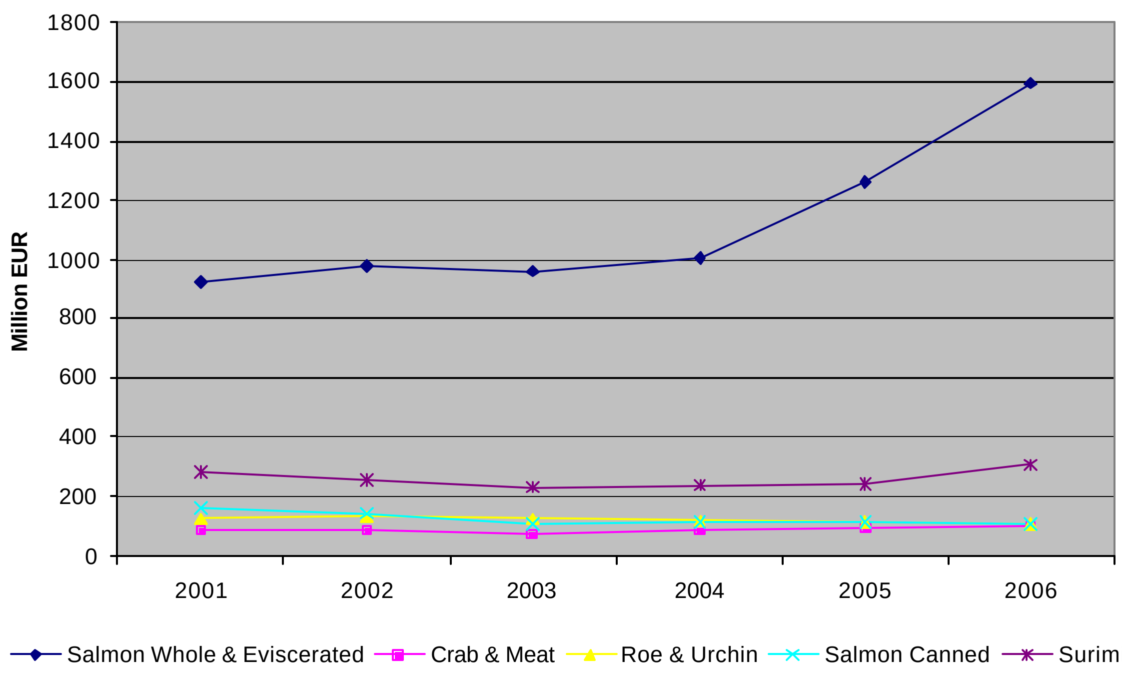


The United States supplied 8.8 percent of the EU-27 forest product imports in 2006. Hardwood accounted for over 40 percent of the U.S. forest products, followed by “other value added wood”, panel products, logs and chips, and softwood.

Fish and Seafood Products

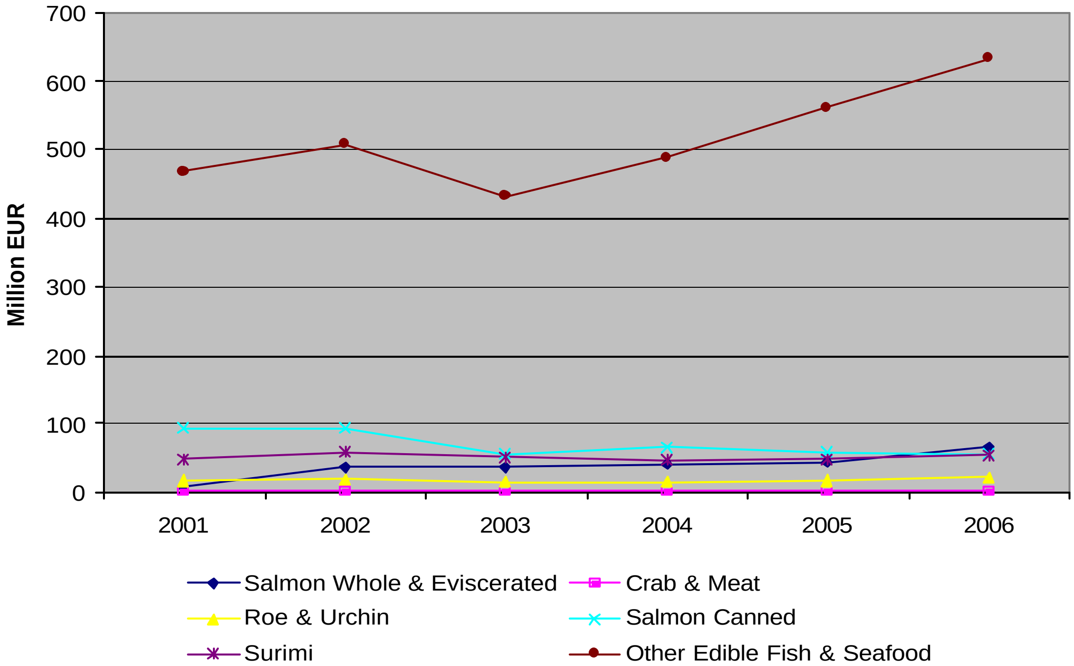
EU-27 Fish and Seafood World Imports

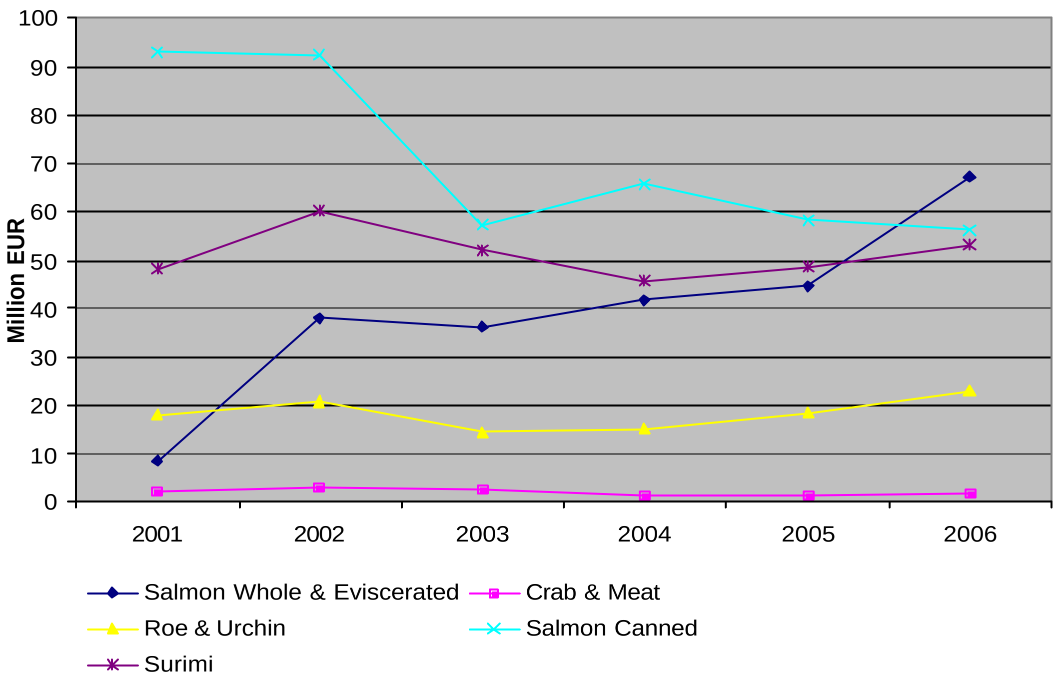




Over 87 percent of EU-27 fish and seafood imports fall under the BICO classification of other edible fish and seafood. This includes frozen fish fillets, crustaceans other than crab, and shrimps and prawns.

EU-27 Fish and Seafood United States Imports





The United States accounted for 4.7 percent of total EU-27 fish and seafood imports in 2006. The United States primarily imported products falling in the other edible fish and seafood category.

Conclusion

Overall, this report reveals that United States exports to the EU-27 have generally fallen over the period of 2001 to 2006. The value of bulk, intermediate, and consumer oriented goods imported from the United States all fell over the six year period. Fish and seafood and forest product imports increased in value over the same time. Various causes could be behind the changes in value and market share. Changes in the exchange rate between the euro and dollar affect the amount of goods imported by the EU-27. The U.S. exporters supplying the products may also have changed the focus of their export trade to non-European Union countries. The European Union also expanded substantially between 2001 and 2006, with ten new member states joining in 2004 and an additional two joining in early 2007. While all current 27 member states are included in each year of this analysis, trade with the new member states likely changed as each acceded and adopted the regulations of the European Union.

If the U.S. industries wish to maintain or expand exports to the EU-27 market, the United States needs to be more responsive to EU export markets, both in terms of recognizing where the increased demands for agricultural products are, and in taking action to eliminate technical barriers to trade.

Annex I. BICO Classification

This chart provides links to the HS codes for the products included in every commodity group. The Website for all BICO commodity aggregations is http://www.fas.usda.gov/ustrade/ustlists/ExBICOCm.asp?QI=&type=0&code=0

BICO EXPORT GROUPS	
BULK AGRICULTURAL TOTAL	
WHEAT	COARSE GRAINS
RICE	SOYBEANS
COTTON	TOBACCO
PULSES	PEANUTS
OTHER BULK COMMODITIES	
INTERMEDIATE AGRICULTURAL TOTAL	
WHEAT FLOUR	SOYBEAN MEAL
SOYBEAN OIL	VEGETABLE OILS (EX SOYBEAN)
FEEDS & FODDERS	LIVE ANIMALS
HIDES & SKINS	ANIMAL FATS
PLANTING SEEDS	SUGAR, SWEETENERS, BEV BASES
OTHER INTERMEDIATE PRODUCTS	
CONSUMER-ORIENTED AGRICULTURAL TOTAL	
SNACK FOODS	BREAKFAST CEREALS
RED MEATS, FR/CH/FR	RED MEATS, PREP/PRES
POULTRY MEAT	DAIRY PRODUCTS
EGGS & PRODUCTS	FRESH FRUIT
FRESH VEGETABLES	PROCESSED FRUIT & VEGETABLES
FRUIT & VEGETABLE JUICES	TREE NUTS
WINE AND BEER	NURSERY PRODUCTS
PET FOODS	OTHER CONSUMER ORIENTED
FOREST PRODUCTS (EX PULP & PAPER)	
LOGS AND CHIPS	HARDWOOD LUMBER
SOFTWOOD AND TREATED LUMBER	PANEL PRODUCTS (INLC PLYWOOD)
OTHER VALUE-ADDED WOOD PROD	
FISH & SEAFOOD PRODUCTS	
SALMON WHOLE & EVISCERATED	SALMON CANNED
CRAB & MEAT	SURIMI (FISH PASTE)
ROE & URCHIN (FISH EGGS)	OTHER EDIBLE FISH & SEAFOOD

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