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# **Report Name:** Grain and Feed Annual

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**Report Highlights:**

EU's total grain production for MY 2022/23 is anticipated to amount to 286 MMT, down from the 293 MMT registered the previous season. The favorable growing conditions across the EU are not anticipated to counter the reduction expected in area planted to grains. Despite the overall good conditions, spring rains are particularly critical to avoid a tight grain balance. Russia's invasion of Ukraine has stressed the EU grains market, which has responded with increases in price, demand contraction, and a surge of intra EU trade. Increased grain exports are forecast for MY2021/22, while the EU seeks alternative corn sources to replace Ukraine's supply.

**Disclaimer:** This report presents the first outlook for grain and feed, and Production, Supply and Distribution (PSD) forecasts for the Marketing Year (MY) 2022/23. Unless stated otherwise, data in this report is based on the views of Foreign Agricultural Service analysts in the EU and is not official USDA data.

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*Note: Ukraine is one of the world's top agricultural producers and exporters and plays a critical role in supplying grains and oilseeds to the global market and to the EU. Since February 24, 2022, Russia's invasion of Ukraine has significantly impacted EU's grains and oilseeds markets. Ukrainian trade facilities are running idle to a large extent and sanctions imposed on Russia have altered global trade flows in MY2021/22, creating a very volatile situation. The challenges affecting spring planting operations, combined with the damage to Ukraine's trade infrastructure also create uncertainties over EU's grains and oilseeds trade flows in MY2022/23. Additional details on FAS EU Posts' views on how the conflict in Ukraine impacts each commodity are discussed in the different sections of this report.*

## Abbreviations used in this report

| | |
|---|---|
| **ASF** | African Swine Fever |
| **BSR** | Black Sea Region |
| **Belux** | Belgium and Luxemburg |
| **CAP** | Common Agricultural Policy |
| **e** | Estimate (of a value/number for the current, not yet completed, marketing year) |
| **EAFRD** | European Agricultural Fund for Rural Development |
| **EU** | European Union (Current EU-27, without the UK). |
| **f** | Forecast (of a value/number for the next, not yet started, marketing year) |
| **FAS** | Foreign Agricultural Service |
| **GASC** | General Authority for Supply Commodities |
| **GE** | Genetically Engineered |
| **Ha** | Hectares |
| **HPAI** | Highly Pathogenic Avian Influenza |
| **HRI** | Hotels, Restaurants, and Institutions |
| **HRW** | Hard Red Winter Wheat |
| **IPAD** | International Production Assessment Division |
| **FSI** | Food, Seed, and Industrial |
| **MFF** | Multiannual Financial Framework |
| **MMT** | Million Metric Tons |
| **MRL** | Maximum Residue Levels |
| **MS** | EU Member State(s) |
| **MT** | Metric Ton (1000 kg) |
| **MY** | Marketing Year. July to June for all grains, except for corn which follows an October to September, and rice which follows a September to August calendar |
| **NSP** | National Strategic Plans |
| **TDM**[1] | Trade Data Monitor LLC. |
| **TMT** | Thousand Metric Tons |
| **TY** | Trade Year. July to June for wheat, October to September for coarse grains, and January to December for rice |
| **UK** | United Kingdom |
| **U.S.** | United States |

[1] Trade figures throughout the report are based on Trade Data Monitor LLC. data, which are sourced from EU Member State customs data, and the U.S. Bureau of Census.

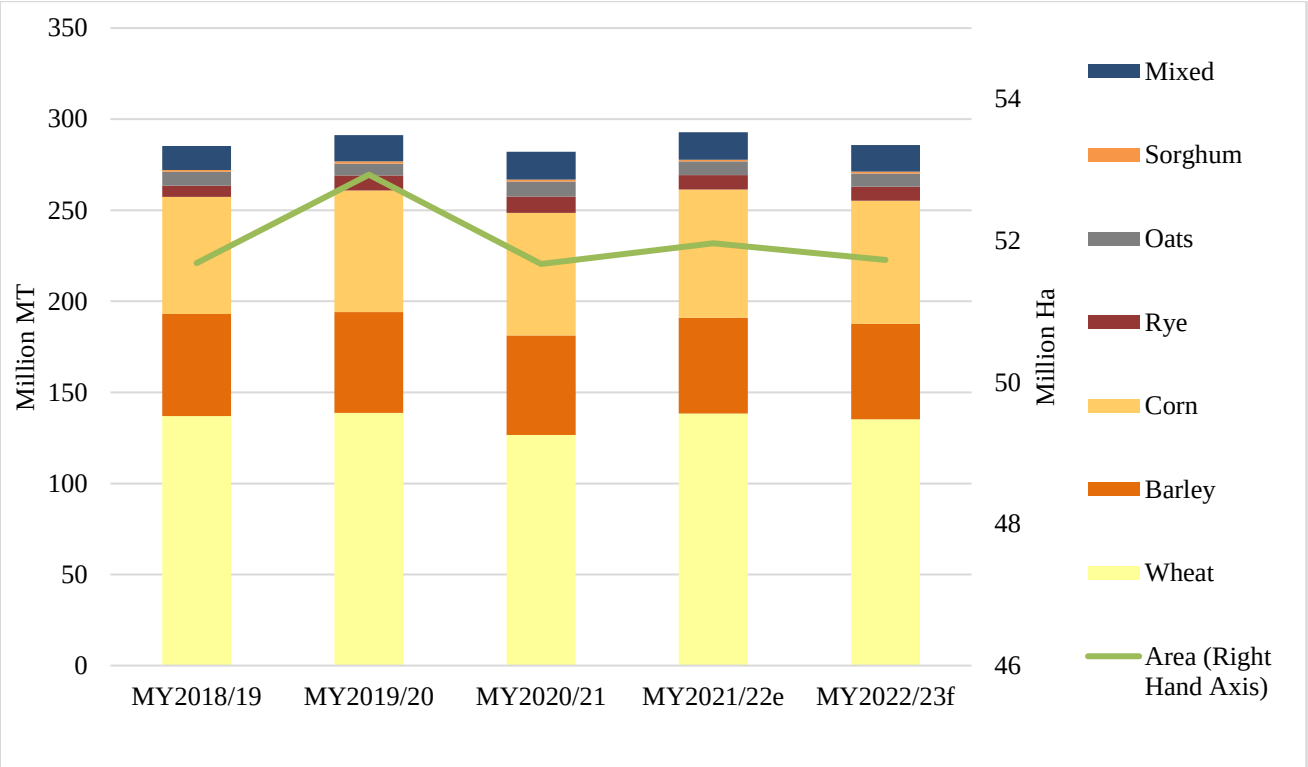
## Executive Summary

**Table 1. Production, Supply and Distribution – Total Grains**

| Total Grains[2] | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|---|---|---|---|---|---|---|
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Harvested** (1000 HA) | 51,732 | 51,696 | 52,028 | 51,985 | | 51,755 |
| **Beginning Stocks** (1000 MT) | 27,267 | 27,267 | 24,955 | 26,394 | | 28,342 |
| **Production** (1000 MT) | 282,048 | 282,368 | 292,493 | 292,999 | | 286,020 |
| **MY Imports** (1000 MT) | 21,246 | 21,257 | 20,800 | 17,975 | | 18,785 |
| **TY Imports** (1000 MT) | 21,199 | 21,280 | 20,750 | 18,005 | | 18,815 |
| **TY Imp. from U.S.** (1000 MT) | 671 | 674 | | | | |
| **Total Supply** (1000 MT) | 330,561 | 330,892 | 338,248 | 337,368 | | 333,147 |
| **MY Exports** (1000 MT) | 41,188 | 41,188 | 46,715 | 48,387 | | 45,772 |
| **TY Exports** (1000 MT) | 42,292 | 42,292 | 46,715 | 47,487 | | 45,772 |
| **Feed and Residual** (1000 MT) | 162,790 | 161,017 | 163,250 | 157,710 | | 156,180 |
| **FSI Consumption** (1000 MT) | 101,628 | 102,293 | 101,873 | 102,929 | | 103,243 |
| **Total Consumption** (1000 MT) | 264,418 | 263,310 | 265,123 | 260,639 | | 259,423 |
| **Ending Stocks** (1000 MT) | 24,955 | 26,394 | 26,410 | 28,342 | | 27,952 |
| **Total Distribution** (1000 MT) | 330,561 | 330,892 | 338,248 | 337,368 | | 333,147 |

Source: FAS EU Posts.

**Figure 1. EU Grain Area and Production**




Source: FAS EU Posts estimates based on Member States statistical sources.

[2] "Total grains" is the sum of wheat, barley, corn, rye, sorghum, oats, and mixed grains.

Total grain area in MY2022/23 is expected to amount to 51.7 million Ha, somewhat below MY2021/22 levels. Only barley, and sorghum to a much lesser extent, are expected to exceed previous season planting levels. A price-driven recovery of rapeseed plantings has resulted in a reduction of wheat area across the EU, most notably in France. Conversely, area planted to grains expanded in Hungary, driven by the growing in-country opportunities in industrial uses, and in Ireland, as the country gears up for increased lower-yielding spring-grains plantings. In the case of corn, planted area in MY2022/23 is projected down, despite favorable price signals, and may shift towards less input intensive spring-planted crops, such as sunflower.

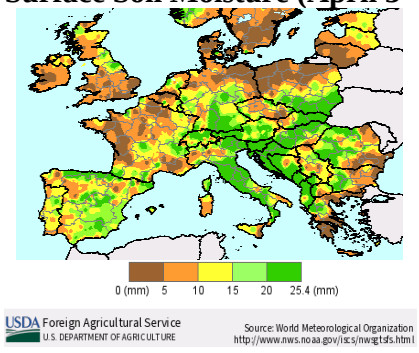
The MY2022/23 EU grain crop is currently forecast at 286 MMT, down from the 292.9 MMT estimated for MY2021/22, driven by the reduction in area planted to grain and the more conservative yield expectations.

**Grain Develops Uneventfully Across the EU Despite Water Deficit and Input Costs Concerns**

Although winter grains planting operations were delayed in some EU Member States (namely Bulgaria, Romania, Italy, Germany, and the Czech Republic), good grain crop development conditions for fall-planted grains have prevailed in EU grain producing regions, and current crop conditions in the EU are satisfactory. Winter kill has not been an issue this season, given the mild winter temperatures recorded. While yet to be confirmed, the above average temperatures may ultimately increase the pest incidence in large EU grain producing Member States like France, Bulgaria, or Romania. However, the early April cold-spell across the EU may have contributed to bring pest incidence down.

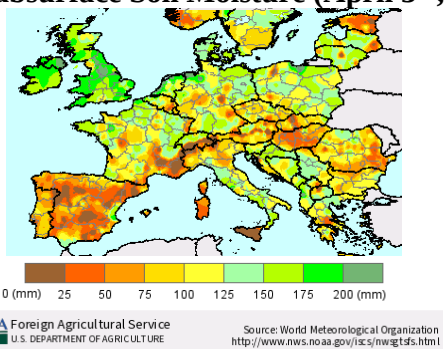
Sub-surface water deficit has been reported in southwest Member States like Spain and Portugal, although partially alleviated by the late March rains. Topsoil moisture issues are starting to become an issue to monitor in the north of Italy, central and northeastern France, Bulgaria, Romania, Germany, Central EU Countries (Austria, Slovenia, Slovakia and the Czech Republic), Poland, and the Baltic Countries. The extent of farmers' willingness to the use costly agricultural inputs, and spring precipitation amounts, will be particularly critical to determine the EU's final grain output.

**Map 1. Surface Soil Moisture (April 3rd, 2022)**



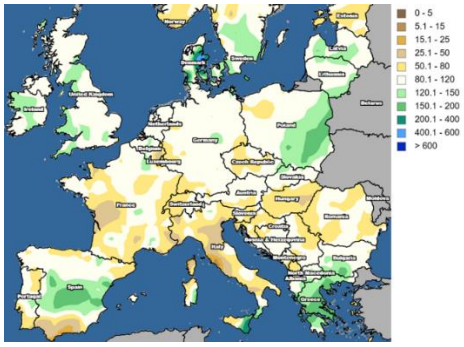

Source IPAD/FAS/USDA

**Map 2. Subsurface Soil Moisture (April 3rd, 2022)**



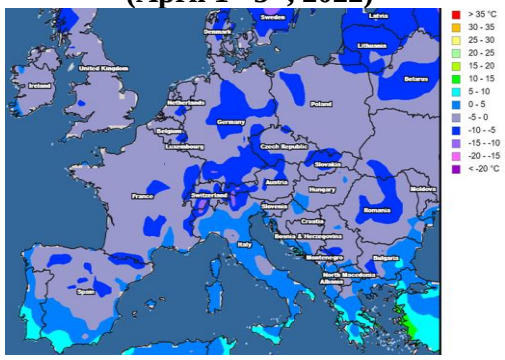

Source IPAD/FAS/USDA

**Map 3. Percent of Normal Precipitation (Fall Planting Season up to March 31st, 2022)**




Source: IPAD/FAS/USDA

**Map 4. Extreme Minimum Temperature (April 1st-5th, 2022)**




Source: IPAD/FAS/USDA

Russia's invasion of Ukraine has stressed the EU fertilizers' supply chain, sending the already high fertilizer prices, to record highs[3]. Fertilizer purchase coverage varies on a case-by-case basis. Most EU farmers purchased their fertilizers ahead of the price spike and are expected to carry out normal operations. However, those who delayed their purchases may reduce amounts applied in spring, especially in areas were low soil moisture prevents fertilizers from achieving full performance. This latter situation, combined with soaring prices of other agricultural inputs, such as fuel or plant protection products, are projected have a limited negative influence over the EU's grain yields. If the war extends for several more months, the situation may be more worrying for MY2023/24 as the 2023 EU grain crop could be more severely impacted by the reduced access to fertilizers.

**EU Member States Crop Situation Outlook**

Planting conditions for winter grains in France were reportedly good. The cold spell registered in early April is not anticipated to have a negative effect in the not-yet-headed but already well-developed winter grain crops. Conversely, it may be beneficial to reduce grain pests' incidence.

Early fall precipitations in Germany delayed winter grains plantings, shortening the crop cycle, and reducing yield expectations especially for wheat. The topsoil dryness has increasingly become an issue, as the window for timely rains to revert the water deficit narrows down. Notwithstanding, sub-superficial soil moisture is reportedly at good levels.

Poland and the Baltic Countries (Latvia and Lithuania) have somewhat better soil moisture conditions, which should ensure good yields for winter grains and proper planting operations for corn. Estonia, where subsurface soil dryness issues may condition winter grain yields, constitutes the exception to the rule. The cold wave of frost and snow that hit these group of countries at the beginning of April has caused a delay in spring planting operations.

[3] According to the latest EU agricultural input prices dashboard the price of fertilizers has grown by over 140 percent in the last year, with urea leading the increase. In the case of energy (crude oil and gas) prices grew by nearly 75 percent in the same period.

In Italy, persistent fall precipitations delayed planting operations, especially for durum wheat in the southern part of the country. The precipitation deficit since January has been beneficial to reduce the excessive soil moisture in this region. Conversely, in the center and north of the country, the water deficit is becoming an increasing concern. Spring precipitations will be key to achieve good yields and to allow corn being planted in favorable conditions.

Mediterranean countries such as Greece, Croatia, Cyprus, and Malta are relatively smaller players in the EU's grain market context. However, these countries benefited from favorable soil moisture and mild winter temperatures. While spring precipitation amounts and the extent to which farmers decide to apply costly inputs to their crops are still factors, average yields are projected for these countries.

In Spain and Portugal, timely fall precipitation replenished soil moisture, allowing for proper planting of winter grains. Dry winter weather conditions and above average temperatures pushed soil moisture down and reduced dam water reservoir levels. The drought is anticipated to have a negative effect in yields in the southern half of the Iberian Peninsula. However, in the northern half of the country, timely March precipitations alleviated winter grains yield concerns and contributed to a slight recovery of water storage in dams, critical for crop irrigation purposes.

Fall and winter conditions in Romania and Bulgaria were warm and dry, which delayed planting operations and may ultimately favor pest incidence in spring. Only the western region of Romania reported some significant snow in December. The colder temperatures registered in early April are not expected to negatively affect yields. However, spring precipitation will be critical to restore soil humidity, allow for good winter grains development, and establish proper planting and germination conditions for corn in these two countries.

In Central EU Countries like Hungary, the Czech Republic, Slovakia, Austria, and Slovenia, satisfactory weather conditions with no excessive wetness favored timely and sizeable sowing operations. Dry conditions delayed emergence of the grain crops, but rains in November and December reverted the delay. The above average temperatures in winter eliminated the risk of winterkill. However, soil moisture is significantly low, which will condition winters grain development and may jeopardize spring grains plantings.

Winter grain crops in Ireland benefited from good planting conditions in the fall. Excessive soil moisture and humidity has started raising concerns about final grain yields potential.

In the Benelux (Belgium, the Netherlands and Luxemburg), fall plantings were carried out under dry conditions. Ever since, temperature and precipitation conditions have been favorable for crop development. Farmers' reluctance to apply costly inputs to the crops may reduce this group of countries' total grain output.

In the Nordic Countries (Sweden, Finland, and Denmark), although heavy rains in fall conditioned planting operations, the subsequent dryer than average winter restored average soil moisture levels. In this group of countries, where a large part of the grain crops is planted in spring, conflicting factors coexist. While the increase in grain prices may lead to higher-than-expected plantings, the ongoing agricultural input price hikes have the potential to negate this trend. Furthermore, given the profit-eroding extreme weather conditions that Finnish farmers faced during the previous season, they may opt this season to replace their spring grain plantings for less input-intensive nitrogen-fixing crops, such as peas and beans.

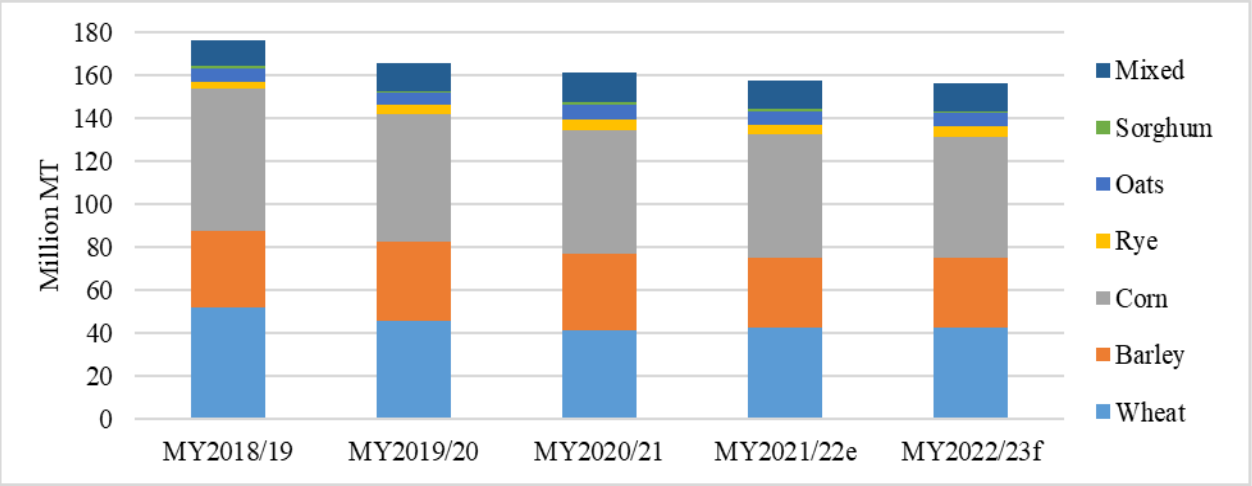
**Internal Demand of Grains to Contract Following Anticipated Reduction in Animal Inventories**

Total grain consumption of grains in MY2022/23 is projected at 259.4 MMT, down from the 260.6 MT estimated for MY2021/22. The initial favorable outlook for grain consumption in MY2021/22 has been revised down. While less optimistic prospects apply to feed and industrial uses, food consumption holds some expansion potential.

EU's feed use of grains in MY2022/23 is projected at 156.1 MMT, down from the 157.7 MMT estimated for MY2021/22. MY2021/22 feed production is also expected to contract considering the eroding margins, aggravated by difficulties in procurement of grains resulting from the ongoing conflict in Ukraine. EU Posts anticipate consolidation and decapitalization of livestock production as reported in the latest EU Livestock GAIN report. Conversely, according to the latest EU Poultry GAIN Report, despite the poultry industry's strong dependence on imported feedstuff, the price competitiveness of poultry meat compared to alternative meats means that feed consumption by this industry is anticipated to remain unchanged. However, outbreaks of Highly Pathogenic Avian Influenza (HPAI) and African Swine Fever (ASF) continue to press EU's feed grain uses down.

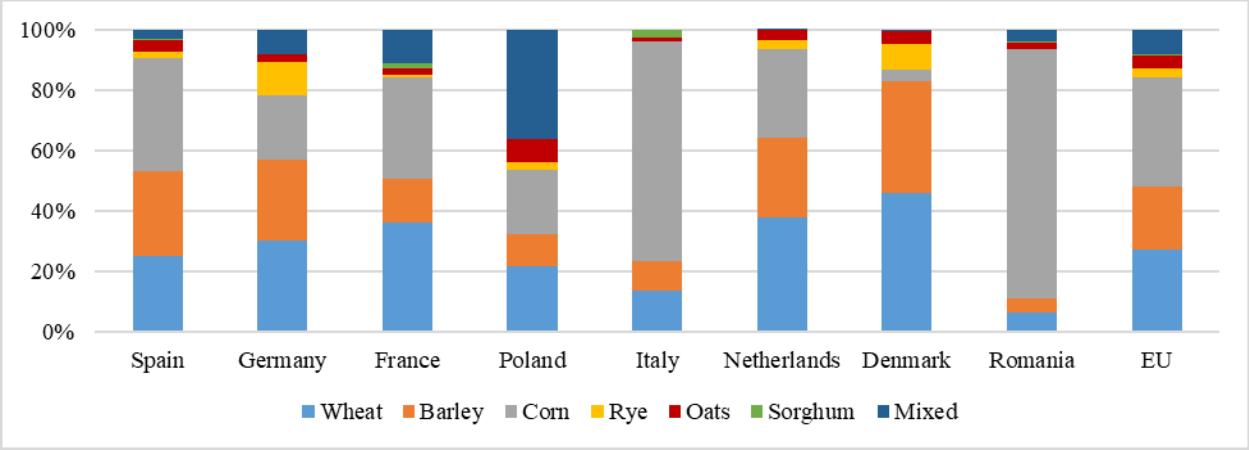
In MY2022/23, EU feed use of wheat and barley is forecast to remain stable in MY2022/23, while corn and minor grains feed uses will account for the bulk of the downwards correction of total grain feed uses. According to the EU representative market prices data, Russia's invasion of Ukraine aggravated the escalation in grain prices that started in summer 2020. For the second half of MY2021/22, both corn and wheat have lost competitiveness against barley, which is currently the cheapest of internationally traded feed grains. On a positive note, corn is anticipated to regain competitiveness once the Brazilian *safrinha* becomes available in July/August.

**Figure 2. Feed Grain Uses in the EU (1,000 MT)**




Source: FAS EU Posts estimates.

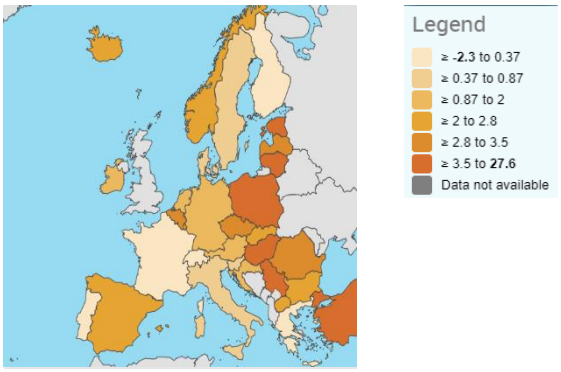
**Figure 3. Preferred Feed Grain by EU Member State - MY2022/23 Forecast**




Source: FAS EU Posts estimates.

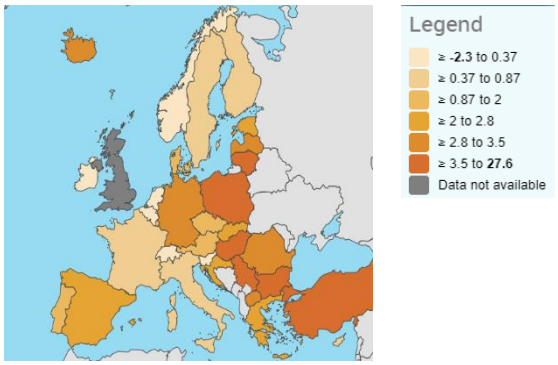
Total Food, Seed, and Industrial (FSI) grain use in the EU is expected to expand in MY2022/23. In MY2022/23, food use is expected to increase, given the projected population growth and larger consumption in the Hotels, Restaurant, and Institutions (HRI) sector as COVID-19 pandemic related restrictions are eased, foreign tourism picks up, and the preference for local grain-based foods continues to expand. At the time of writing, approximately 3.5 million Ukrainians have fled to neighboring EU countries, increasing EU's grain food demand in MY2021/22. Other factors driving consumption up include inflation affecting food prices, which may ultimately favor building preference for grain-based over meat-based diets.

**Map 5. EU Harmonized Index of Consumer Prices***




Source: Eurostat. February data.

**Map 6. EU Harmonized Index of Food and Non- Alcoholic Beverages Consumer Prices***




Source: Eurostat. January data.

**12-Month Average Rate.*

Conversely, industrial use of grains in the bioethanol, and starch industry is projected to level off in MY2022/23. Industrial grain uses for MY2021/22 have been revised down compared to our previous Post estimate. Prospects for starch and isoglucose uses of grain remain positive in main producing countries such as Hungary, Austria, and Bulgaria.

In the case of the bioethanol industry, conflicting forces occur. The market size of the EU's grain-dependent bioethanol industry is a factor of total gasoline demand and consumption targets. The current high gasoline prices make blending beyond mandates more competitive. At the same time, initial prospects of increased traffic as COVID-19 related transport restrictions are eased could be eradicated if consumers opt for reducing consumption in response to soaring gasoline prices. According to the EU's Communication on Safeguarding food security and reinforcing the resilience of food systems, flexibility has been granted to reduce biofuel consumption targets at the Member State level. At the drafting time of this report, Finland has announced a temporary reduction of its biofuel blending obligation.

Additional information regarding the EU's biofuel sector is available in the latest EU Biofuels Report and in the latest Biofuel Mandates in the EU by Member State. For additional information on the EU isoglucose sector, see the latest EU Sugar Report.

**War Ukraine has Severely Disrupted Grain Trade flows in the EU**

A large amount of uncertainty prevails regarding Ukraine's grain production levels and trading volumes for the MY2022/23 season. Ukraine accounts on average for over 40 percent of the EU total grain import needs. The war in Ukraine has raised concerns over MY2022/23 spring corn plantings, as hostilities limit labor force and inputs delivery (diesel, certified seeds, or fertilizers). This situation, combined with damages in trade infrastructure, have the potential to negatively affect the country's grain export capabilities in MY2022/23.

As per the current season, the EU grain normal trade flows have been severely disrupted by the war in Ukraine. Consequently, despite Ukraine's current sizeable grain crop, the invasion has limited export capabilities. In this scenario, with port loading operations in Ukraine halted since February 2022, EU grain importers have been forced to look for alternative suppliers of grains in North America (namely United States and Canada) and South America. Neighboring Serbia[4] has put in place a ban on exports to third countries since March 10, 2022, which prevents the country from supplying grains to the EU. The currently tight EU grain balance is anticipated to improve once the Brazilian *safrinha* corn becomes available later in the summer.

In MY2022/23, EU's total grain exports are projected at 45.7 MMT, higher than in MY2020/21 but lower than MY2021/22, as the large export levels estimated for MY2021/22 are not expected to be repeated. The final amount of EU grain exports will depend on the size and quality of the crop. In MY2021/22, the EU's total grain exports have been revised up to 48.3 MMT, as opportunities arise in formerly Ukraine and Russia-dependent export markets.

At the time of writing, MY2022/23 ending stocks in the EU are projected to remain tight at 27.9 MMT. The final EU grain stocks figure may be a combination of a potential yield reduction, new alternative sources for feed grain imports, the amount of EU grain exports, and the pace at which the internal demand contracts in response to soaring feed and food prices. Overall, EU ending stocks in MY2021/22 are estimated at 28.3 MT. This figure is partially explained by the ample EU grain crop, which preempts stocks from falling to lower levels. The export limitations in EU Member States such as Hungary and Bulgaria also contribute to building stocks.

[4] On March 24, Serbia amended the decree to allow the export of wheat and corn to the members of the Open Balkan Initiative (Albania and North Macedonia) and more recently to Italy, but only for those contracts signed before March 10, 2022.

## Section I. Wheat

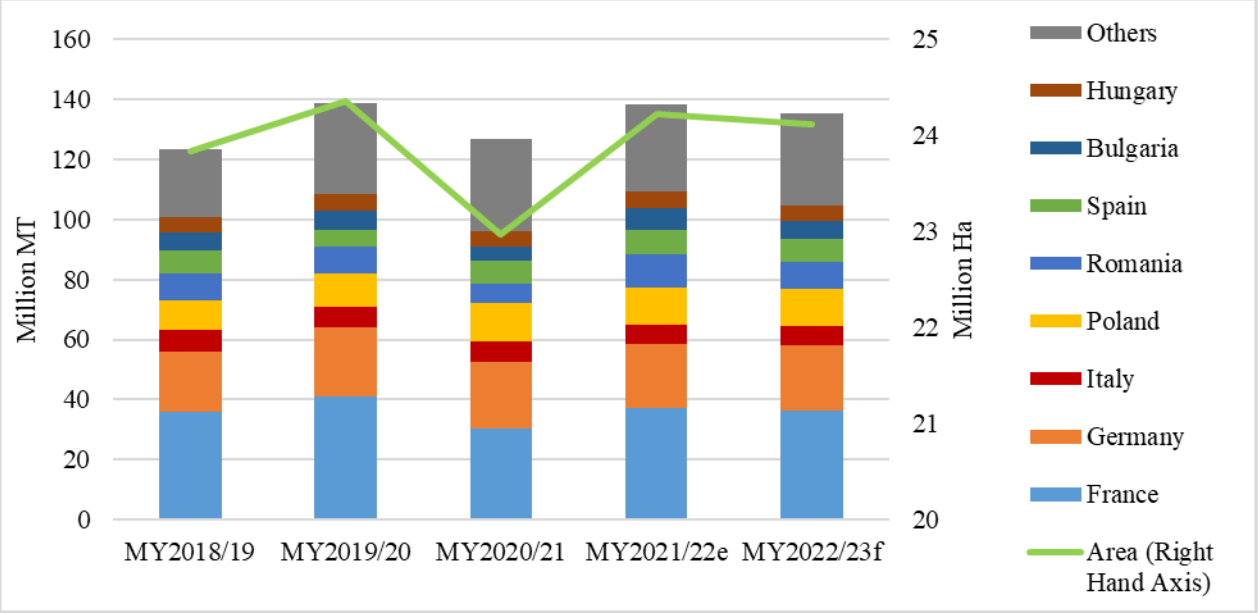
**Table 2. Production, Supply and Distribution – Wheat**

| Wheat | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|---|---|---|---|---|---|---|
| Market Year Begins | Jul 2020 | | Jul 2021 | | Jul 2022 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Harvested** (1000 HA) | 22,975 | 22,960 | 24,232 | 24,230 | | 24,120 |
| **Beginning Stocks** (1000 MT) | 13,110 | 13,110 | 10,693 | 11,400 | | 12,690 |
| **Production** (1000 MT) | 126,694 | 126,650 | 138,418 | 138,330 | | 135,300 |
| **MY Imports** (1000 MT) | 5,379 | 5,391 | 4,500 | 3,900 | | 4,140 |
| **TY Imports** (1000 MT) | 5,379 | 5,391 | 4,500 | 3,900 | | 4,140 |
| **TY Imp. from U.S.** (1000 MT) | 657 | 657 | | | | |
| **Total Supply** (1000 MT) | 145,183 | 145,151 | 153,611 | 153,630 | | 152,130 |
| **MY Exports** (1000 MT) | 29,740 | 29,740 | 34,000 | 35,500 | | 33,900 |
| **TY Exports** (1000 MT) | 29,740 | 29,740 | 34,000 | 35,500 | | 33,900 |
| **Feed and Residual** (1000 MT) | 42,500 | 40,791 | 46,000 | 42,000 | | 42,000 |
| **FSI Consumption** (1000 MT) | 62,250 | 63,220 | 62,250 | 63,440 | | 63,650 |
| **Total Consumption** (1000 MT) | 104,750 | 104,011 | 108,250 | 105,440 | | 105,650 |
| **Ending Stocks** (1000 MT) | 10,693 | 11,400 | 11,361 | 12,690 | | 12,580 |
| **Total Distribution** (1000 MT) | 145,183 | 145,151 | 153,611 | 153,630 | | 152,130 |
| **Yield** (MT/HA) | 5.5144 | 5.5161 | 5.7122 | 5.7090 | | 5.6095 |

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Wheat begins in July for all countries. TY 2022/2023 = July 2022 - June 2023

Source: FAS EU Posts.

**Figure 4. EU Wheat Area and Production**




Source: FAS EU Posts estimates based on Member States statistical sources.

**Area and Production**

EU wheat area is expected to slightly decline by 0.5 percent in MY2022/23. While French and Spanish wheat growers planted less wheat (especially in France to the benefit of rapeseed), producers in Czech Republic, Denmark, Germany, Hungary, and Romania increased slightly their wheat plantings, leading to an overall almost stable wheat area in the EU. Recent announcements by the EU Commission to allow farmers to plant crops on set aside and fallow lands will not impact MY2022/23 wheat crop. EU wheat production mostly consists of winter wheat, which has already been planted in the Fall of 2021 for harvest in the summer of 2022, and only to a much lesser extent spring wheat.

EU wheat production is forecast to decrease by 2.2 percent to 135.3 MMT in MY2022/23, driven by smaller expected production in Bulgaria, France, Hungary, Romania, and Spain, not being offset by higher crop expectations in Denmark, Germany, Poland, Baltic Countries, and Sweden. Weather conditions up to the harvest can still play a significant role in final production volumes.

Planting conditions were good to ideal in most wheat growing regions. However, dryness is hitting most EU wheat producing countries. The drought is most severe in Spain, although March precipitation improved significantly yield expectations in the northern half of the country. Dryness is also increasingly worrying wheat growers in central and northeastern part of France as rainfall in the winter has been scarce and underground water resources are below averages. Similarly, dryness has been reported in Hungary where soils are abnormally dry all over the country, especially in the central regions. On the other hand, no major winterkill has been reported throughout Europe. The mild temperatures in late winter could nevertheless increase the pest threat if the cold spell in the first week of April in northwestern Europe did not kill most insects' larvae. Overall, significant rainfalls are needed in most of the EU throughout the spring to keep MY2022/23 wheat yields above average and allow efficient fertilization. The current dryness in major EU wheat producing countries, by limiting the amount of nitrogen the wheat plant can absorb, could ultimately lower protein content in wheat.

Wheat area for MY2021/22 has also been slightly adjusted upwards with more up-to-date available data from France and Spain. The MY2021/22 EU wheat crop was significantly higher than MY2020/21 due to higher planted area and favorable weather throughout most the growth season of the crop. Yields in many wheat producing countries were higher, especially in Bulgaria, France, Hungary, and Romania, more than offsetting lower yields in Belgium, Denmark, Germany, Poland, and Spain. The excess of rain during the harvest in France and Belgium did not significantly lower the crop volume but negatively impacted the quality.

**Consumption**

FSI uses in the EU are expected to increase slightly in MY2022/23. Wheat uses for biofuel purposes are anticipated to remain stable in MY2022/23 as high wheat prices are likely to hamper the industrial demand for wheat feedstocks versus other feedstocks for bioethanol manufacturing.

Food uses are already increasing in MY2021/22 as the COVID-19 pandemic related restrictions affecting tourism and the HRI sector are being lifted. Moreover, population growth in most EU Member States, but especially in Poland, Hungary, Romania, and Bulgaria, fueled by several million refugees coming from Ukraine, is anticipated to drive wheat food uses up. The hike in wheat prices since the beginning of MY2021/22 further enhanced by the conflict in Ukraine will have a direct consequence in food prices, starting with pasta prices. However, as it is a staple food, food inflation is not foreseen to lower consumption of wheat-based food products in the EU. In the case of industrial uses, wheat is anticipated to see its competitiveness eroded against alternative grains such as barley and corn.

Despite lower wheat supplies and an overall lower grain demand for feed due to a lower animal products production, EU feed use of wheat is foreseen to remain stable in MY2022/23, at the expense of corn, which is anticipated to experience a steeper downwards correction.

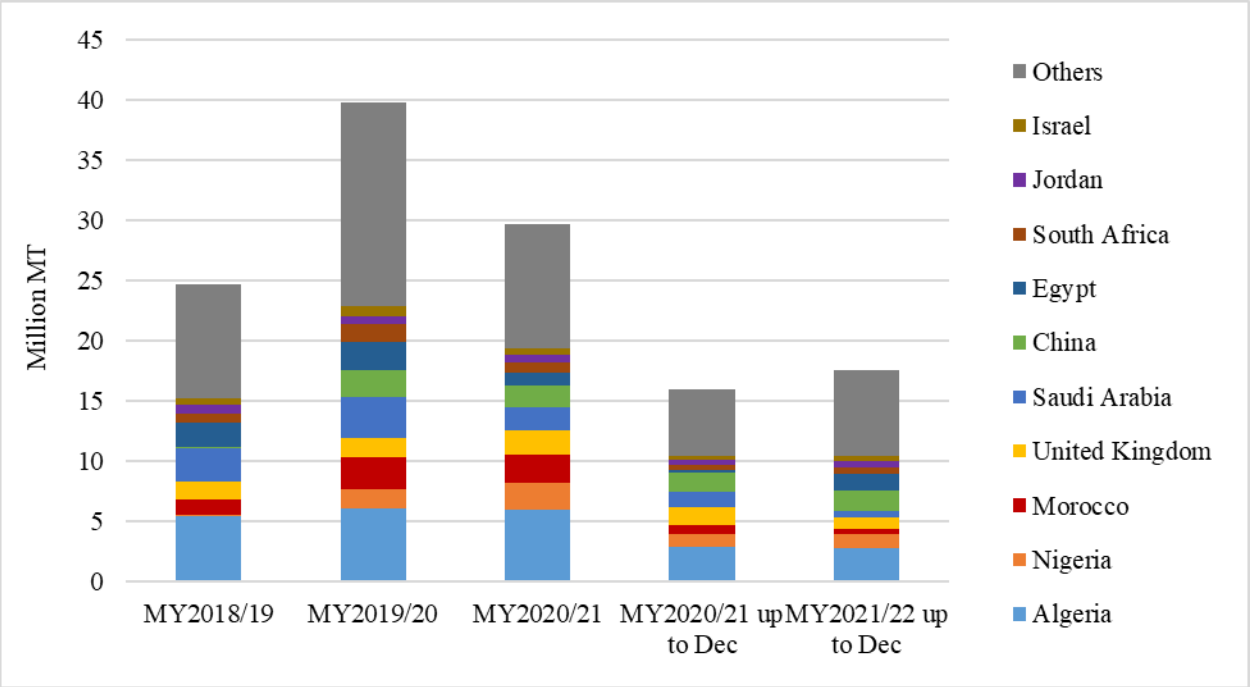
The price difference with other available grains and the competition from overseas buyers will ultimately dictate the trend of wheat feed uses. In MY2021/22, EU wheat feed use rose sharply due to higher wheat availability versus other feedstocks, particularly barley and minor grains such as rye and oats.

**Trade**

EU wheat exports are also anticipated to remain at a high level in MY2022/23 because of the war in Ukraine, as most analysts believe Ukraine will not be able to fully resume its exports, even if the conflict comes to an end before the end of MY2021/22. War damages in ports and transport infrastructures are likely to hamper those exports. Economic retaliatory measures against Russia will also likely prevent many buyers from being financially able to purchase Russian wheat. Main wheat exporting Member States include France, Romania, Germany, Poland, and the Baltic States. The current drought in the Mediterranean region will likely increase the import demand for MY2022/23. At the March 2022 EU summit, EU heads of state publicly expressed concerns about potential grain (namely wheat) shortages in North African and Middle Eastern Countries that could lead to geopolitical instabilities. Should the situation worsen, EU Member States led by France may launch emergency programs to provide wheat to those countries. Additionally, the EU is anticipated to continue to benefit from a lower Chinese wheat crop, despite likely increased competition from Russian wheat. EU wheat exports to Nigeria (from Lithuania, Latvia) and South Africa (from Lithuania, Latvia, and Poland) are also anticipated to grow in MY2022/23.

EU wheat exports are foreseen to expand in MY2021/22 given the ample domestic supply available and the fact that the war in Ukraine has negatively affected export competition by the Black Sea Region supplies. The bulk of EU wheat exports goes to North Africa, the Middle East, and sub-Saharan Africa. Algeria is a steady customer for French milling wheat. While in the first half of MY2021/22, French wheat lost some tenders in Algeria to the benefit of Black Sea Region origin wheat, until the geopolitical situation in Ukraine improves, the EU will have a *de facto* quasi-monopoly in North Africa and Middle East, given its significant shipping cost advantage. Likewise, EU wheat exports to Egypt, originally anticipated to shrink in MY2021/22 due to the competition from BSR wheat, are now foreseen to increase, as French-origin wheat had the most competitive proposals in the latest tenders from the Egyptian GASC (General Authority for Supply Commodities) due to the conflict in Ukraine. EU wheat exports to South Korea (mainly coming from Romania, Bulgaria, and Baltic States) also surged in MY2021/22, but still lag below U.S. and Australian exports to this country. China is currently the second largest customer for EU wheat. EU exports to China increased tenfold between MY2018/19 and MY2020/21 and, according to preliminary trade data, are projected to continue expanding in MY2021/22.

**Figure 5. Main Export Destinations for EU Wheat**

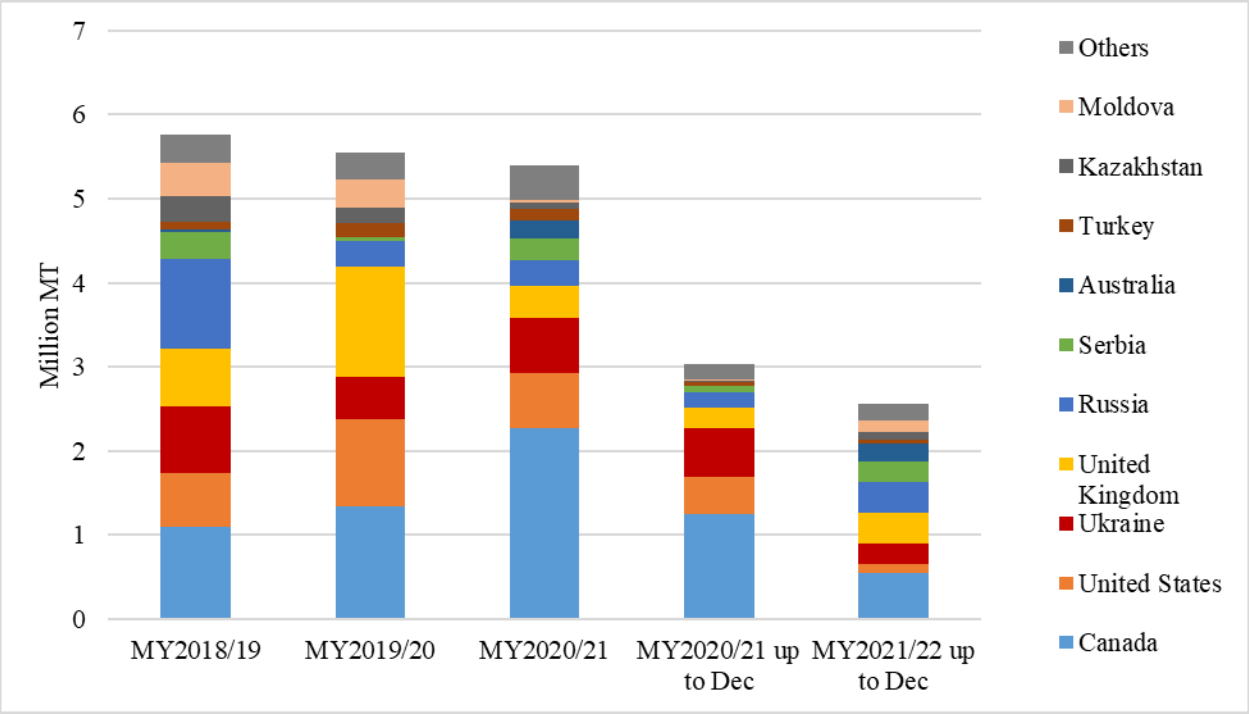



Source: Trade Data Monitor LLC. Trade data include wheat products.

Given the smaller EU grain crop projected, EU wheat imports are forecast to increase by 6 percent in MY2022/23, as Italy may import more durum wheat. Italy is the EU's largest wheat importing Member State, accounting for over 50 percent of the total imports, followed by Spain, to a much smaller extent.

Trade data available for MY2021/22 and import licenses issued for wheat imports to the EU indicate a 16 percent reduction compared to the previous season, as the domestic EU crop, particularly of durum wheat needed for pasta production in Italy, was much higher. For MY2021/22, Canada is likely to remain the largest supplier of wheat, mostly durum wheat, to the EU. Exports of U.S. Durum and Hard Red Winter (HRW) wheat to the EU in MY2021/22 are now forecast to decline by almost 50 percent compared to MY2020/21, due to the higher domestic durum crop. The United Kingdom and Ukraine export mainly soft wheat for feed purposes to Ireland, Italy, Romania, and Spain. Russia's invasion of Ukraine is projected to jeopardize this country's wheat sales to the EU. Likewise, while Serbia was actively exporting wheat to the EU in the first half of MY2021/22, the grain export ban it put in place on March 10, 2022 is expected to terminate this trade flow.

**Figure 6. Main Wheat Suppliers to the EU**




Source: Trade Data Monitor LLC. Trade data include wheat products.

**Stocks**

Due to a stable crop and sizable exports and domestic uses, EU wheat ending stocks in MY2022/23 are expected to slightly decrease from MY2021/22. MY2021/22 stocks are projected already at a relatively low level, despite some Member States' policies towards building stocks. A deterioration in the EU MY2022/23 wheat crop could theoretically lead to a tighter balance.

For information on regulations affecting wheat, please see the Policy Section at the end of this report.

## Section II. Coarse Grains[5]

### Corn

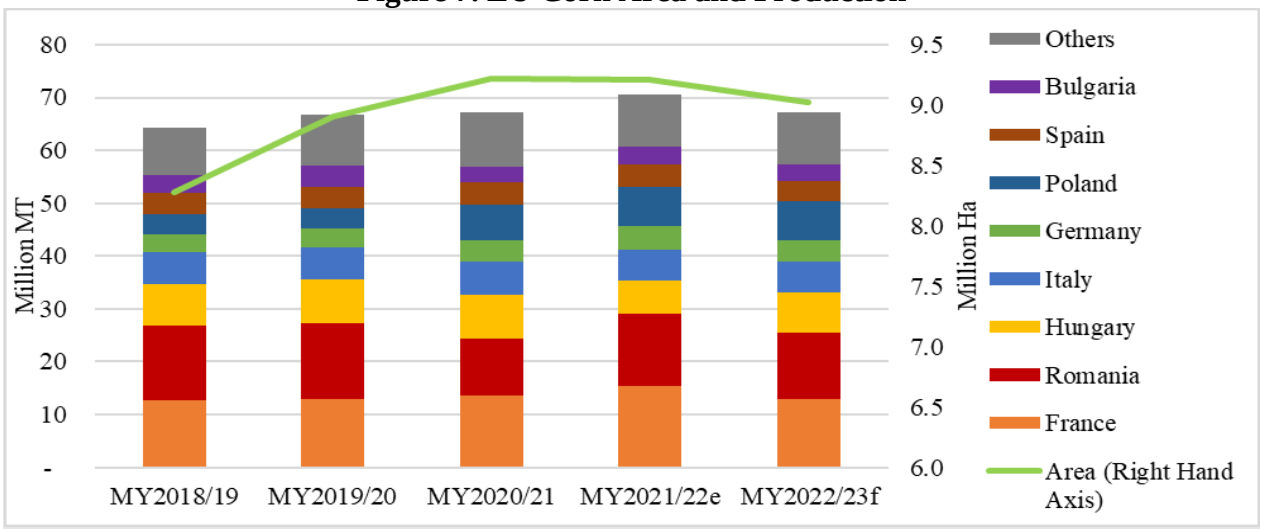
**Table 3. Production, Supply and Distribution – Corn**

| Corn | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|---|---|---|---|---|---|---|
| Market Year Begins | Oct 2020 | | Oct 2021 | | Oct 2022 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Harvested** (1000 HA) | 9,213 | 9,215 | 9,211 | 9,215 | | 9,025 |
| **Beginning Stocks** (1000 MT) | 7,382 | 7,382 | 7,880 | 8,100 | | 8,735 |
| **Production** (1000 MT) | 67,140 | 67,150 | 70,499 | 70,500 | | 67,500 |
| **MY Imports** (1000 MT) | 14,493 | 14,493 | 15,000 | 13,000 | | 13,500 |
| **TY Imports** (1000 MT) | 14,493 | 14,493 | 15,000 | 13,000 | | 13,500 |
| **TY Imp. from U.S.** (1000 MT) | 3 | 6 | | | | |
| **Total Supply** (1000 MT) | 89,015 | 89,025 | 93,379 | 91,600 | | 89,735 |
| **MY Exports** (1000 MT) | 3,735 | 3,735 | 4,900 | 5,000 | | 4,300 |
| **TY Exports** (1000 MT) | 3,735 | 3,735 | 4,900 | 5,000 | | 4,300 |
| **Feed and Residual** (1000 MT) | 57,000 | 57,000 | 59,200 | 57,300 | | 56,400 |
| **FSI Consumption** (1000 MT) | 20,400 | 20,190 | 20,600 | 20,565 | | 20,565 |
| **Total Consumption** (1000 MT) | 77,400 | 77,190 | 79,800 | 77,865 | | 76,965 |
| **Ending Stocks** (1000 MT) | 7,880 | 8,100 | 8,679 | 8,735 | | 8,470 |
| **Total Distribution** (1000 MT) | 89,015 | 89,025 | 93,379 | 91,600 | | 89,735 |
| **Yield** (MT/HA) | 7.2875 | 7.2870 | 7.6538 | 7.6506 | | 7.4792 |

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Corn begins in October for all countries. TY 2022/2023 = October 2022 - September 2023

Source: FAS EU Posts.

**Figure 7. EU Corn Area and Production**




Source: FAS EU Posts estimates based on Member States statistical sources.

[5] Coarse grains are the threshed, dry seeds of plant, cultivated for human/and or animal consumption and gathered in the dried, unprocessed state upon maturity. Coarse grains is the total of corn, barley, rye, oats, mixed grains, and sorghum.

**Area and Production**

In MY2022/23, the EU corn area[6] is forecast to drop by 0.2 million Ha to 9 million Ha as corn plantings will face competition by sunflowers and soybeans due to their price attractiveness and their lower input needs in terms of fertilizers or irrigation costs. The decline is pronounced in the main producing EU Member States such as Romania, France, Hungary, Italy, and Bulgaria. Poland is the exception to the rule, as the area planted to corn is expected to expand.

Corn planting conditions differ across EU. Drier than usual winter conditions were observed in the east and southern EU Member States, particularly in Romania, Bulgaria, Italy, Slovenia, Croatia, Hungary as well as in the southern half of France which is the main corn growing area. Likewise, in Austria and the Czech Republic, soil moisture is rather low, and final yields will depend on rainfall in the coming weeks. In addition, warmer than usual conditions have been reported by some of the Member States, which drove up the moisture deficit. Hence, the precipitation regime in these countries must improve to ensure proper conditions for corn planting and germination. Conversely, favorable planting conditions were reported for Poland, Spain, and Portugal.

EU corn production is forecast to decline to 67.5 MMT in MY2022/23, down by 4.3 percent from MY2021/22. Average corn yield throughout the EU is forecast to drop by 2.2 percent after the above average yields registered in MY2021/22, due to challenges in ensuring the adequate inputs and reduced soil moisture. A reduced corn output is forecast in France, Romania, Spain, Germany, Czech Republic, Bulgaria, and Italy. Austria, Belgium, Croatia, Greece, Lithuania, and Slovakia also expect corn production declines. In line with its area expansion, Poland expects an improved harvest compared to the previous year. A boost in yields is forecast in Hungary from the previous year, when the lack of rainfall during the growing season took a heavy toll on corn crops and yields, leading to the lowest corn production recorded since 2012.

In MY2021/22, EU corn production rose by 5 percent, driven by production recoveries in Romania and Bulgaria, and France. To a lesser extent, corn production also grew in Poland, Germany, and Czech Republic. Production expansion in these EU Member States compensated for the reduced production recorded in Hungary, Austria, Croatia, Italy, Lithuania, and Slovakia.

Apart from Spain and Portugal, no biotech corn is grown in the EU. In other Member States, such as Romania, that did not opt-out from GE crops cultivation, the rigorous traceability requirements and difficulties in marketing crops have discouraged farmers from cultivating biotech corn. This largely explains why, contrary to the United States, corn crop yields in the EU have stagnated over the past five years.

[6] Note that at drafting time of this report in early April, most of the corn in the EU has not been planted, thus the production forecasts are based on farmers' planting intentions. This estimate does not consider the upward adjustments which may occur in the corn planted area following the recent EU decision to issue an exceptional and temporary derogation from certain greening obligations.

**Consumption**

Total EU corn consumption is expected to fall by 1.5 percent in MY2022/23, primarily due to a lower feed demand, in the context of reduced corn supply and competitiveness from wheat and barley. Food, seed, and industrial use, accounting for about 27 percent of the total EU corn consumption, is forecast to stay flat in MY2022/23 in most EU Member States. FSI corn use consumption is expected to rise in Bulgaria, France and Hungary and drop in Romania, Spain, Germany, and Italy. The industrial use of corn is on a positive trend in Hungary, where three of the EU's largest corn processing factories are located. Increasing biofuel consumption, prosperous starch business, and improving isoglucose prospects keep the FSI use of corn trending up in Hungary. In Bulgaria, corn usage for starch is also projected to grow due to expanded capacities, while consumption for bioethanol is likely to stagnate. In MY2021/22, FSI use is anticipated to increase by 1.8 percent from the previous season, driven by an increased use of corn for both food and industrial. Easing of movement restrictions imposed because of the COVID-19 pandemic supports an increase in demand for bioethanol. The current price for crude oil makes blending outside compulsory biofuels mandates more competitive. Having said that, the consolidation of increased energy and corn prices has the potential to ultimately erode bioethanol producer margins.

Corn feed use in MY2022/23 is expected to contract by 1.6 percent. The drivers for this decline are the reduced supply availability and strong competition from other feed grains. Deteriorating prospects for the livestock industry and potential effects of the rising inflation rate that may impact the meat demand are expected to result in lower demand for corn from the feed industry, especially in the first half of the season. Potential increases in feed use in the corn producing countries, such as Romania, Hungary, Poland, Spain, Italy, Greece, and Portugal are outpaced by lower feed demand from the import-reliant countries, such as Belgium, Denmark, Germany, the Netherlands, Sweden, Finland, and Austria.

Feed use is projected to marginally increase in MY2021/22. Removal of COVID-19 pandemic restrictions may support meat demand through the recovery in food-service sector in certain Member States. Corn feed usage is expected to increase in most EU Member States, more prominently in Spain, Poland, Denmark, and Italy. Reduction in feed is mainly expected in France, Romania (ASF) and Hungary (elevated operational costs, feed prices and animal diseases situation, such as HPAI and ASF). Lower feed use in the Netherlands is due to a drop of 10 to 15 percent in broiler production in 2021, due to HPAI outbreaks which led to cuts in the export markets and lower demand in the foodservice due to COVID-19. Small variations in feed are estimated for the other Member States. Corn is the preferred grain for feed compounders in Spain, Romania, Bulgaria, and Hungary. In some of the corn producing countries, such as France, Germany, Poland, Bulgaria, and Romania, a significant share of the corn crop is used for feeding livestock on farms, while in countries that rely more on imports such as the Netherlands and Belgium, corn is almost exclusively used by industrial compounders. Overall, it is estimated that about 20 to 30 percent of the EU corn crop is used for feeding livestock on-farm.

**Trade**

Given the expected lower domestic crop, EU corn imports are forecast to rise by 4 percent to 13.5 MMT in MY2022/23. However, in terms of suppliers, some adjustments are anticipated because of Russia's invasion of Ukraine. The progressive adoption of agricultural biotechnology or differences in plant protection products tolerance has forced the EU corn importing Member States to rely heavily on Ukraine, and Brazil to a lesser extent. Over the past ten years Ukraine has been the EU's largest corn supplier, accounting for over 50 percent of imports. Shortages of fuel, labor, fertilizers, and other inputs generated by the military conflict in Ukraine are anticipated to curb the corn planted area in MY2022/23.

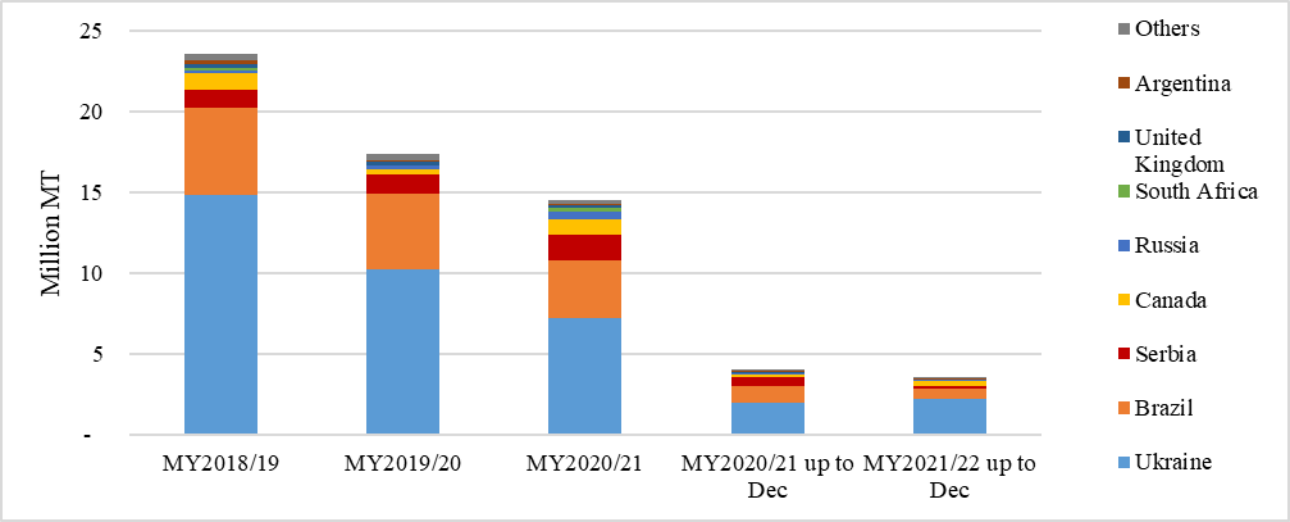
Under this scenario, Ukraine's ending stocks available from the current season may be carried over to supplement its anticipated reduced output in MY2022/23 to partially address the EU's import demand. Brazil and Argentina, where current crop prospects are indicative of sizeable crops, along with other world important corn producers such as Canada, United States, and Moldova, may gear up to meet the EU's corn import demand.

In MY2021/22, corn imports are anticipated to have a year on-year contraction of 10 percent, from 14.5 MMT to 13 MMT. Russia's invasion impacted Ukraine's capacity to export its abundant supply from the MY2021/22 harvest. This has had a significant detrimental effect on the countries relying on imported corn

Currently, Ukraine's corn exports by sea are halted. However, prospects for Ukrainian corn exports by railway and Danube River to the neighboring territories, such as Poland, Slovakia, and Romania, are positively regarded. However, the volumes which can be shipped through these countries represent only a fraction of the quantities normally exported by sea. The main challenges exporters face include difference in the railway gauge-width, the availability of railcars, and the capacity of grain maneuvering at the border. Additionally, the railway infrastructure is already under pressure due to increased traffic of other types of commodities. Barges on the Danube River may serve as an efficient mean of grain shipping to Constantza Port in the Black Sea, though the volumes are limited by the ports' handling capacity and barge availability.

Thus, to cover its demand, the EU has turned to global corn producers where there are ample supplies available such as the United States and Canada in the Northern hemisphere and Argentina and Brazil in the Southern hemisphere, particularly in the second half of the current season. Neighboring Serbia is ruled out as a notable origin until the export restrictions are lifted.

**Figure 8. Main Corn Suppliers to the EU**

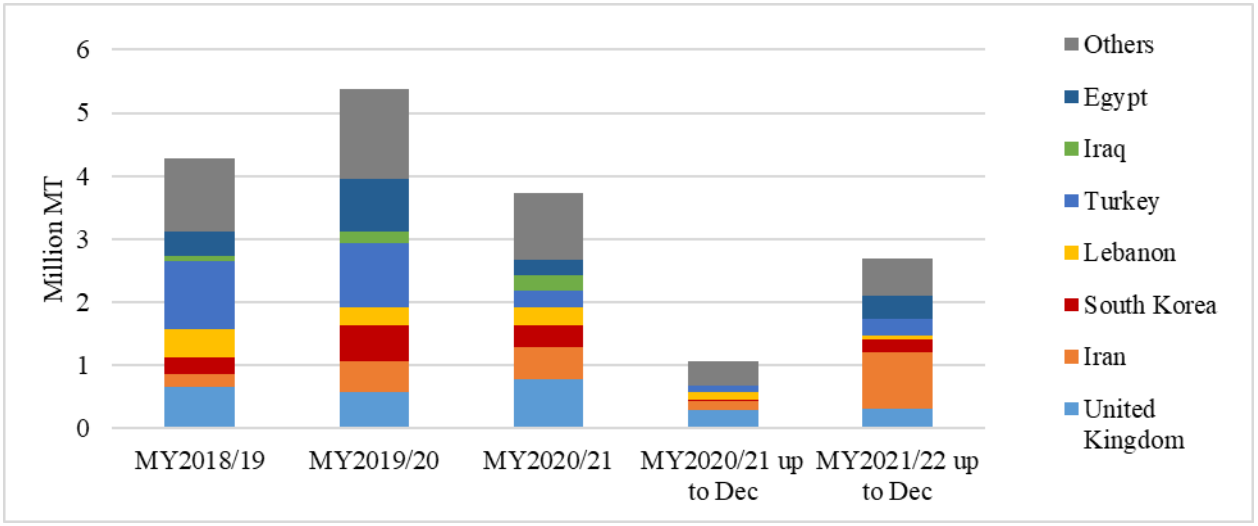



Source: Trade Data Monitor LLC.

Under the expectation of a shorter EU crop, exports are forecast to plunge by 14 percent in MY2022/23. Romania is likely to remain the EU leading corn exporter, followed by Poland, the newest player on the export market, Bulgaria, and France. In terms of destinations, EU is anticipated to maintain its competitiveness in the Middle East and North African countries, and in South Korea.

The above average production in MY2021/22 allows the EU to expand its exports by an estimated 34 percent. However, the surge in exports may be lower if in the aftermath of Russia's invasion of Ukraine, domestic supply will be used more extensively within the EU. Most prominently Iran, but also Egypt, the United Kingdom, Turkey, and South Korea were EU's major trading partners in the first quarter of MY2021/22. Firm demand from these countries will continue to add pressure for EU supplies.

**Figure 9. Main Export Destinations for EU Corn**




Source: Trade Data Monitor LLC.

## Stocks

Ending stocks are forecast to tighten in MY2022/23 under the prospects of a short EU crop and reduced regional import supply availability. Domestic policies towards building government and private stocks in certain Member States and accelerated imports towards the end of the season in others, are expected to result in increased stocks in MY2021/22.

For information on regulations affecting corn, please see the Policy Section at the end of this report.

### Barley

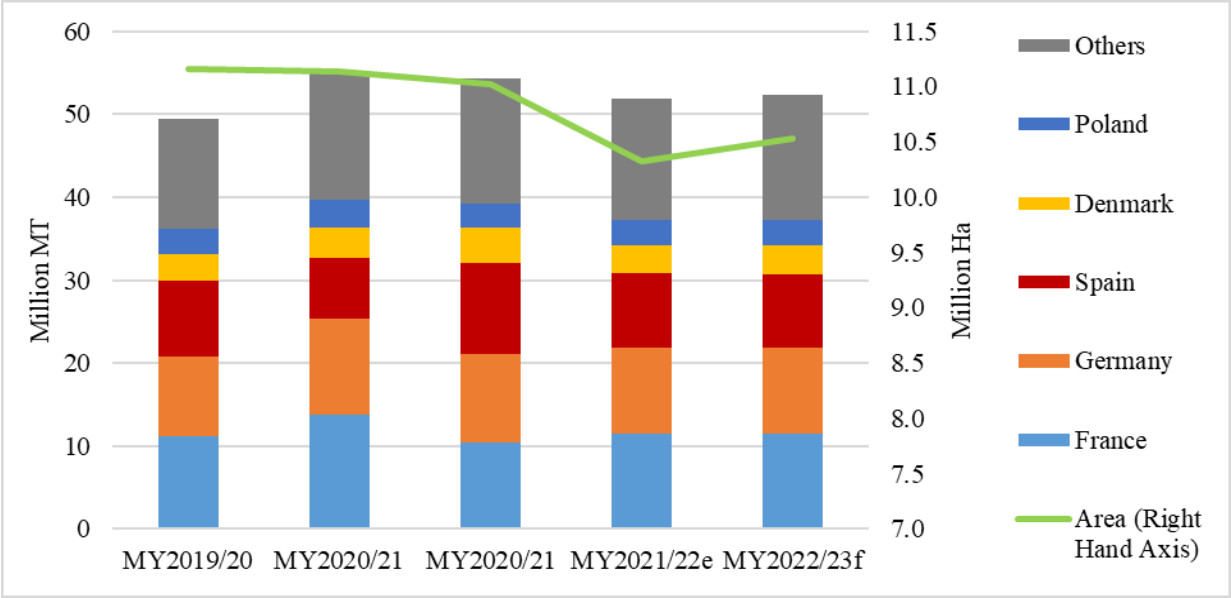
**Table 4. Production, Supply and Distribution – Barley**

| Barley | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|---|---|---|---|---|---|---|
| Market Year Begins | Jul 2020 | | Jul 2021 | | Jul 2022 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Harvested** (1000 HA) | 11,043 | 11,025 | 10,344 | 10,308 | | 10,530 |
| **Beginning Stocks** (1000 MT) | 5,207 | 5,207 | 5,002 | 5,070 | | 5,257 |
| **Production** (1000 MT) | 54,324 | 54,692 | 51,972 | 52,577 | | 52,370 |
| **MY Imports** (1000 MT) | 1,220 | 1,220 | 1,000 | 760 | | 890 |
| **TY Imports** (1000 MT) | 1,150 | 1,150 | 1,000 | 800 | | 920 |
| **TY Imp. from U.S.** (1000 MT) | 0 | 0 | | | | |
| **Total Supply** (1000 MT) | 60,751 | 61,119 | 57,974 | 58,407 | | 58,517 |
| **MY Exports** (1000 MT) | 7,399 | 7,399 | 7,500 | 7,600 | | 7,300 |
| **TY Exports** (1000 MT) | 8,558 | 8,558 | 7,500 | 6,700 | | 7,300 |
| **Feed and Residual** (1000 MT) | 35,800 | 36,200 | 32,800 | 32,900 | | 32,900 |
| **FSI Consumption** (1000 MT) | 12,550 | 12,450 | 12,600 | 12,650 | | 12,700 |
| **Total Consumption** (1000 MT) | 48,350 | 48,650 | 45,400 | 45,550 | | 45,600 |
| **Ending Stocks** (1000 MT) | 5,002 | 5,070 | 5,074 | 5,257 | | 5,617 |
| **Total Distribution** (1000 MT) | 60,751 | 61,119 | 57,974 | 58,407 | | 58,517 |
| **Yield** (MT/HA) | 4.9193 | 4.9607 | 5.0244 | 5.1006 | | 4.9734 |

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Barley begins in October for all countries. TY 2022/2023 = October 2022 - September 2023

Source: FAS EU Posts.

**Figure 10. EU Barley Area and Production**




Source: FAS EU Posts estimates based on Member States statistical sources.

**Area and Production**

Barley area is forecast to grow moderately to 10.5 million Ha in MY2022/23. Main EU producers, except for Denmark, Poland, and Bulgaria, are expected to increase their barley plantings, after the reduction registered in most EU Member States in MY 2021/22 when barley area decreased to 10.3 million Ha.

EU barley production in MY2022/23 is forecast at 52.4 MMT, slightly down compared to MY2021/22, despite the anticipated recovery in planted area, given the moderate yields expected. This is largely explained by the projected production declines in Romania, Bulgaria, Hungary, and Spain, following the exceptionally good yields registered in these countries in the previous season. However, initial water deficit concerns in Spain have been alleviated by early spring precipitations, bringing back good yield expectations.

In France, the EU's largest barley producer, sowing and growing conditions for barley have been good so far. Winter barley was well-established, and the spring crop season started well. Likewise, in Germany, the winter was mild apart from short-lived cold spells and winter kill was not reported. Barley crops are in good condition. Late March rainfall has also brought some relief to the moisture-deficient barley fields in Hungary. However, the potential double-digit reduction in fertilizer use in this country may potentially push yields down in MY2022/23.

Conversely, unlike in most of EU Member States, wet weather and waterlogged fields made early preparation difficult in Denmark in advance of spring crop plantings, which are expected to be offset by higher anticipated yields. February brought heavy rains to Poland as well, with cumulative rainfall reaching above average levels at the end of winter. Although winter barley in Poland is reportedly in good condition, the oversaturated soils can delay the seedbed preparation for spring barley plantings.

In MY2021/22, EU's barley production fell to 52.6 MMT. The higher yields recorded in France, Romania, Bulgaria, and Hungary, after the strong setback of MY2020/21, did not compensate for the reductions in area planted. Year-on-year, production dropped significantly in Spain, Denmark, Germany, Finland, Austria, and the Baltic Countries.

**Consumption**

Total barley consumption is anticipated to edge up to 45.6 MMT in MY2022/23, driven by the growing EU population and the relaxation of most of the COVID-19 related restrictions affecting tourism and the HRI sector. Moreover, corn and wheat supply issues stemming from Russia's invasion of Ukraine have improved barley competitiveness for industrial uses such as bioethanol and starch production.

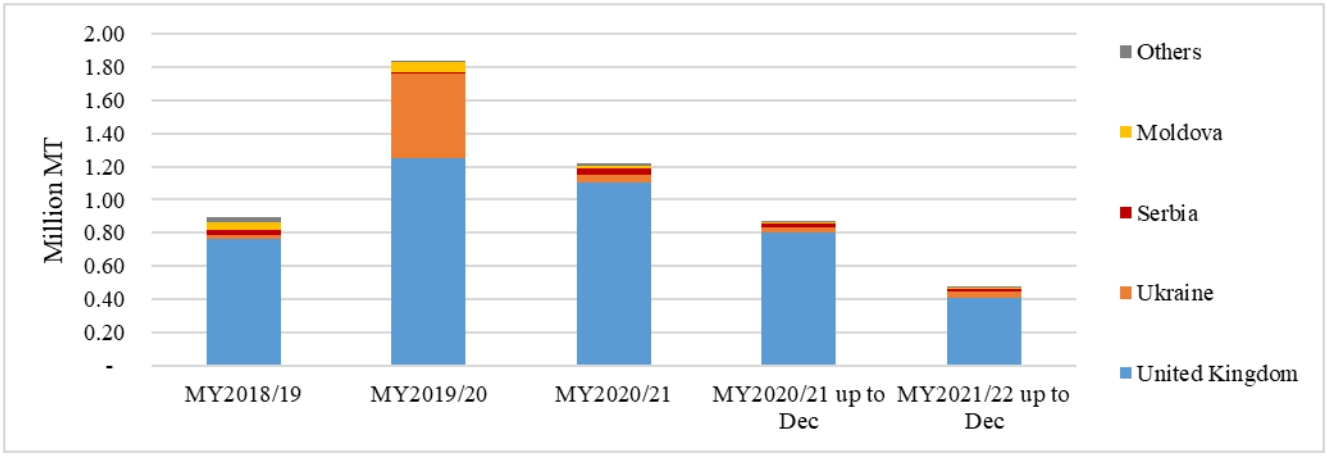
Feed barley consumption is expected to remain stable at 32.9 MMT in MY2022/23. In MY2021/22, total barley consumption is forecast to decrease by 6.4 percent compared to the previous season, driven by lower domestic availability and a decline in feed demand. More specifically, feed barley consumption is projected significantly down in Member States such as Spain, Germany, Denmark, France, the Netherlands, Finland, and Sweden as domestic availability was lower than in the bumper season of MY2020/21. In addition, livestock production faces soaring feed, energy, and labor costs, combined with export disruptions in the Black Sea Region. Therefore, the reduced demand by the livestock sector prevents feed barley uses from expanding, despite its increased price competitiveness against other grains.

**Trade**

EU barley imports are projected to rise to 890,000 MT in MY2022/23, after a substantial reduction estimated in the current year. If a sizeable UK barley MY2022/23 crop is confirmed, EU barley imports could rebound to previous levels. Moldova should also be able to export barley to the EU. At the same time, there are many uncertainties about Ukraine's production and export capabilities. Therefore, Member States are expected to turn to intra-EU markets.

The UK is the EU's main barley trading partner. In MY2021/22, UK barley shipments to the EU (the Netherlands, Portugal, and Ireland) had nearly halved by the end of January, compared with the same period of the previous year. The main drivers for the decline include reduced area and yields in the UK. Ukraine's increased pace of barley exports to the EU is projected to be discontinued during the second half of the marketing year in response to the country's ban on coarse grain exports. By contrast, the volume of Moldovan exports to the EU remained low during the first part of the season. Serbia may continue supplying barley to the EU in the second half of MY2021/22, as this grain escaped Serbia's export ban enforced since March 2022, affecting other feed grains, such as wheat or corn.

**Figure 11. Main Barley Suppliers to the EU**

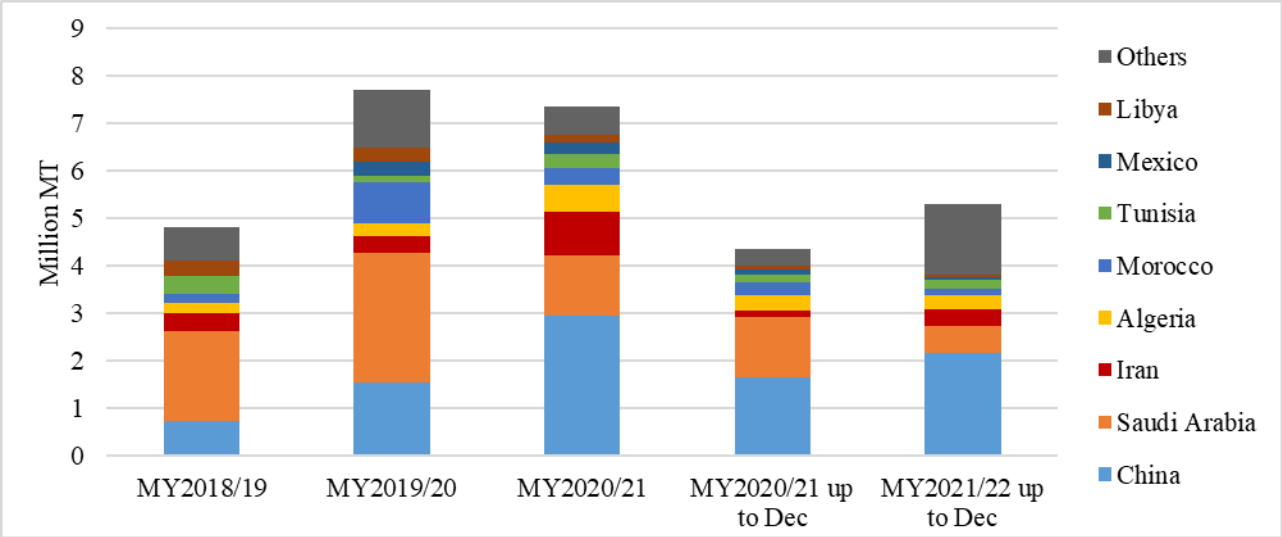



Source: Trade Data Monitor LLC.

In MY2022/23, EU barley exports are also forecast to fall by 4 percent, to 7.3 MMT. Exports are projected down mainly from Romania, France, and Germany, which are the bloc's largest barley exporters. On one hand, the export halt in the Black Sea Region opens opportunities for the EU to capture additional demand and increase its barley exports to markets such as China, North Africa, and the Middle East (Saudi Arabia, the United Arab Emirates, Qatar, Oman, and Iran). On the other hand, barley prices in the EU are set to remain at high levels and competitively priced Australian barley are anticipated to prevent this increase. EU barley could see its competitiveness further eroded if Black Sea shipping routes reopen in MY2022/23.

EU barley exports are estimated at 7.6 MMT in MY2021/22. In the first half of the marketing year, EU barley exports showed a substantial increase compared to the same period of MY2020/21, driven by France's improved export position in the Chinese market, benefiting from China's and Australia's trade dispute as of May 2020[7]. Romania also increased its exports to the Middle East (Turkey, Jordan, Iraq, Israel, Iran, Kuwait, the United Arab Emirates, and Lebanon) and North Africa (Tunisia and Libya). Although Baltic states' exports to Saudi Arabia declined sharply, higher volumes were shipped to Algeria. German exports to Algeria and Turkey also went up, while Bulgaria exported more to Israel and Turkey. Despite the strong start, and the possibility of gaining a small share of the global demand (previously covered by Russia and Ukraine), export dynamics are anticipated to slow down in the second half of the marketing year because cheaper consignments from Australia and Argentina, tight domestic stocks, and lower EU supply will press exports down.

**Figure 12. Main Export Destinations for EU Barley**




Source: Trade Data Monitor LLC.

**Stocks**

In MY2022/23, a more comfortable level of ending stocks (5.6 MMT) is expected due to the projected decline in exports. Likewise, in MY2021/22, ending stocks are projected up most prominently in Hungary. Other countries building in barley stocks in MY2021/22 include Romania, Bulgaria, Estonia, Slovakia, and France. Conversely, stocks are forecast down in Spain, Denmark, Belgium, Luxemburg, the Netherlands, and Croatia.

For information on regulations affecting barley, please see the Policy Section at the end of this report.

[7] In May 2020, China imposed an 80.5 percent tariff on Australian barley.

## Rye

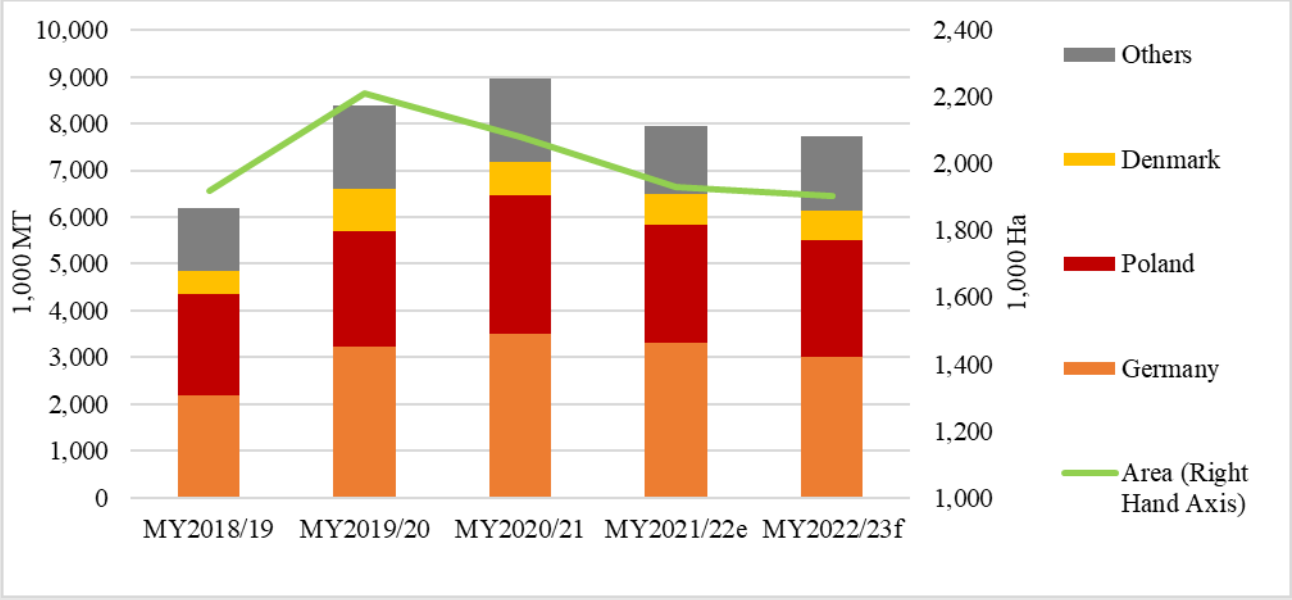
**Table 5. Production, Supply and Distribution – Rye**

| Rye | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|---|---|---|---|---|---|---|
| Market Year Begins | Jul 2020 | | Jul 2021 | | Jul 2022 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Harvested** (1000 HA) | 2,080 | 2,080 | 1,930 | 1,930 | | 1,900 |
| **Beginning Stocks** (1000 MT) | 590 | 590 | 505 | 710 | | 682 |
| **Production** (1000 MT) | 8,964 | 8,964 | 7,958 | 7,958 | | 7,730 |
| **MY Imports** (1000 MT) | 87 | 86 | 220 | 180 | | 150 |
| **TY Imports** (1000 MT) | 131 | 131 | 170 | 170 | | 150 |
| **TY Imp. from U.S.** (1000 MT) | 0 | 0 | | | | |
| **Total Supply** (1000 MT) | 9,641 | 9,640 | 8,683 | 8,848 | | 8,562 |
| **MY Exports** (1000 MT) | 156 | 156 | 155 | 160 | | 150 |
| **TY Exports** (1000 MT) | 95 | 95 | 155 | 160 | | 150 |
| **Feed and Residual** (1000 MT) | 5,700 | 5,460 | 4,850 | 4,850 | | 4,750 |
| **FSI Consumption** (1000 MT) | 3,280 | 3,314 | 3,200 | 3,156 | | 3,190 |
| **Total Consumption** (1000 MT) | 8,980 | 8,774 | 8,050 | 8,006 | | 7,940 |
| **Ending Stocks** (1000 MT) | 505 | 710 | 478 | 682 | | 472 |
| **Total Distribution** (1000 MT) | 9,641 | 9,640 | 8,683 | 8,848 | | 8,562 |
| **Yield** (MT/HA) | 4.3096 | 4.3096 | 4.1233 | 4.1233 | | 4.0684 |

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Rye begins in October for all countries. TY 2022/2023 = October 2022 - September 2023

Source: FAS EU Posts.

**Figure 13. EU Rye Area and Production**




Source: FAS EU Posts estimates based on Member States statistical sources.

**Area and Production**

In MY2022/23, EU rye planted area is expected to decline to 1.9 million Ha. Germany and Poland account for nearly 70 percent of the EU rye production. In Poland, planted area remained stable, while in Germany the previous year's abundant corn crop with larger on-farm corn silage stocks reduced the need for green rye or rye whole-plant silage, discouraging plantings. Conversely, rye area is forecast to increase in Denmark, due to favorable prices expectations. Assuming average yields, EU's rye production is forecast to amount to 7.7 MMT in MY2022/23.

In MY2021/22, EU rye planted area decreased by 7.2 percent. In the EU, rye is planted predominantly in sandy, less fertile soils. The larger area planted to rye in France did not offset declines in major EU rye producing countries, like Denmark or Poland, where lower swine inventories discouraged plantings. The decline in produced volumes of rye was caused by the unfavorable weather conditions in Poland and Germany.

**Consumption and Trade**

In MY2022/23, rye feed use is projected to decrease 2.1 percent, due to lower availability. In Finland, and Romania, growing competition from wheat and corn in feed formulas will reduce the need for feed rye. Lower on-farm rye feed use in Poland and Germany is also expected. In Germany, this is a result of the expected lower domestic production. On the contrary, in France, Spain, and Denmark significant increases in rye feed use are expected. In the case of Denmark this is a result of higher domestic rye production.

In MY2021/22, there has been tendency of reducing rye use in feed formulas in main rye producing countries due to availability of other feed grains and oilseed meals that has prompted swine producers to diminish rye ratios in feeds, especially in Poland, Spain, and Sweden. In Germany, this is the result of lower domestic production combined with lower rye imports from neighboring Poland.

FSI use is forecast to remain almost flat in MY2022/23, due to unchanged industrial use primarily for biofuel and the slightly increased food use. The increase in food use in MY2022/23 can be attributed to an increase in EU population initiated in MY2021/22 as Ukrainian refugees arrived in EU countries. Moreover, consumers in Poland and Germany continue to increase their preference for rye bread.

EU rye is largely traded within the bloc. The United States, which accounts for nearly 50 percent of the EU's rye exports, is the main destination for EU rye, followed to a much lesser extent by Japan and Israel.

**Stocks**

EU rye stocks in MY2021/22 and forecast for MY2022/23 are expected to be lower than in previous seasons. In MY2022/23, lower availability of rye will reduce stocks by the end of the marketing year.

## Oats

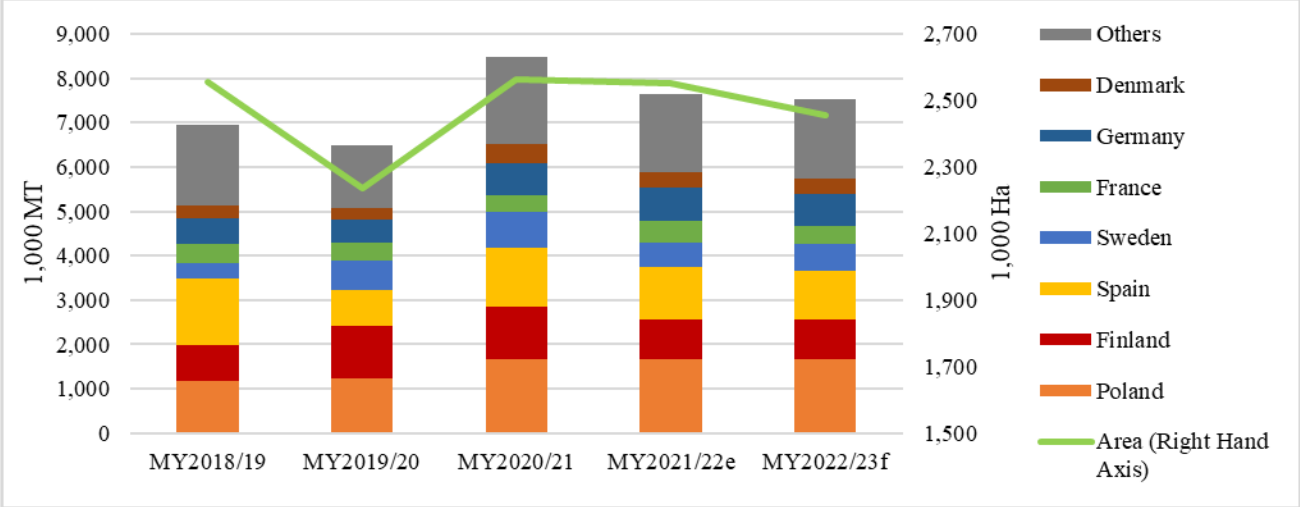
**Table 6. Production, Supply and Distribution – Oats**

| Oats | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|---|---|---|---|---|---|---|
| Market Year Begins | Jul 2020 | | Jul 2021 | | Jul 2022 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Harvested** (1000 HA) | 2,563 | 2,565 | 2,552 | 2,552 | | 2,455 |
| **Beginning Stocks** (1000 MT) | 332 | 332 | 388 | 515 | | 454 |
| **Production** (1000 MT) | 8,471 | 8,471 | 7,643 | 7,643 | | 7,540 |
| **MY Imports** (1000 MT) | 49 | 49 | 50 | 60 | | 40 |
| **TY Imports** (1000 MT) | 33 | 33 | 50 | 60 | | 40 |
| **TY Imp. from U.S.** (1000 MT) | 9 | 9 | 0 | 0 | | 0 |
| **Total Supply** (1000 MT) | 8,852 | 8,852 | 8,081 | 8,218 | | 8,034 |
| **MY Exports** (1000 MT) | 139 | 139 | 140 | 112 | | 110 |
| **TY Exports** (1000 MT) | 145 | 145 | 140 | 112 | | 110 |
| **Feed and Residual** (1000 MT) | 6,900 | 6,760 | 6,200 | 6,200 | | 6,120 |
| **FSI Consumption** (1000 MT) | 1,425 | 1,438 | 1,450 | 1,452 | | 1,460 |
| **Total Consumption** (1000 MT) | 8,325 | 8,198 | 7,650 | 7,652 | | 7,580 |
| **Ending Stocks** (1000 MT) | 388 | 515 | 291 | 454 | | 344 |
| **Total Distribution** (1000 MT) | 8,852 | 8,852 | 8,081 | 8,218 | | 8,034 |
| **Yield** (MT/HA) | 3.3051 | 3.3025 | 2.9949 | 2.9949 | | 3.0713 |

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Oats begins in October for all countries. TY 2022/2023 = October 2022 - September 2023

Source: FAS EU Posts.

**Figure 14. EU Oats Area and Production**




Source: FAS EU Posts estimates based on Member States statistical sources.

**Area and Production**

In MY2022/23, the total EU oats planted area[8] is forecast to shrink by 3.8 percent to 2.5 million Ha given profitability concerns in leading EU oat producing Member States. EU oats production is forecast to decrease to 7.5 MMT, driven by the lower planted area, despite the improved yields projected in the Baltic and Nordic Countries.

In most of the EU Member States, the weather conditions for oat plantings have been beneficial so far, with moderate temperatures and rainfall. In Poland, Nordic and Baltic Countries, the sudden hit of frost and snow at the beginning of April stopped field work, delaying planting operations.

In MY2021/22, EU oats planted area remained stable compared to the previous season. Production, however, declined to 7.6 million MT, as the larger crop in Poland, Germany, and France did not offset the production reductions in the Baltic Countries, Spain, and the Nordic Countries.

**Consumption and Trade**

In MY2022/23, total EU oats consumption is forecast to diminish 1 percent to 7.6 million MT. Feed use of oats, which occurs primarily on-farm, is projected to decline in line with a lower crop. FSI use is expected to grow marginally, driven by demand for domestically grown food products mostly in the Nordic Countries.
In Germany, consumption of oat products is trendy and thus steadily increasing. This is in part due to 1) increasing popularity of oat drinks as an alternative to milk or soy drinks; 2) rising awareness of health benefits of oatmeal; and 3) the renaissance of porridge in a modern version with fruits.

In MY2021/22, EU total oats consumption decreased compared to the last season and in line with the smaller production and the availability of alternative feed grains. Despite growing oats consumer prices affecting oat-based products, demand for healthy non-perishable foods is still high for the remainder of MY2021/22.

EU MY2022/23 oats exports are projected to remain at similar levels to MY2021/22. EU oats are traditionally traded mostly within the EU. Export volumes to non-EU countries usually originate from Latvia, Finland, and Sweden and are mainly directed to third countries such Algeria, the United States, and Switzerland, which during the first half of MY2021/22, accounted for one third of the total EU oats export sales.

**Stocks**

Due to lower forecast production, a decline in ending stocks is expected for MY2022/23 in all EU Member States, except Slovakia. MY2021/22 ending stocks were also smaller than in the previous year.

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[8] Oats are spring planted in main oats producing Member States like Poland, Finland, Germany, and Sweden. Spain is the exception to the rule, as most of the oats are planted in fall.

## Mixed Grains[9]

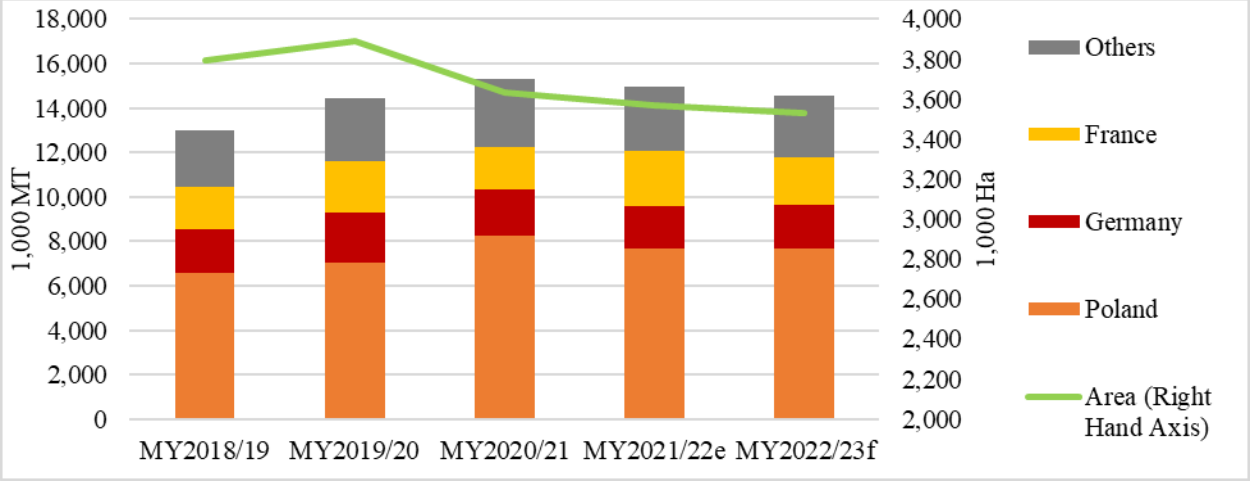
**Table 7. Production, Supply and Distribution – Mixed Grains**

| Mixed Grain | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|---|---|---|---|---|---|---|
| Market Year Begins | Jul 2020 | | Jul 2021 | | Jul 2022 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Harvested** (1000 HA) | 3,645 | 3,633 | 3,583 | 3,570 | | 3,530 |
| **Beginning Stocks** (1000 MT) | 592 | 592 | 450 | 568 | | 495 |
| **Production** (1000 MT) | 15,358 | 15,334 | 14,997 | 14,970 | | 14,500 |
| **MY Imports** (1000 MT) | 0 | 0 | 0 | 0 | | 0 |
| **TY Imports** (1000 MT) | 0 | 0 | 0 | 0 | | 0 |
| **TY Imp. from U.S.** (1000 MT) | 0 | 0 | 0 | 0 | | 0 |
| **Total Supply** (1000 MT) | 15,950 | 15,926 | 15,447 | 15,538 | | 14,995 |
| **MY Exports** (1000 MT) | 0 | 0 | 0 | 0 | | 0 |
| **TY Exports** (1000 MT) | 0 | 0 | 0 | 0 | | 0 |
| **Feed and Residual** (1000 MT) | 13,800 | 13,700 | 13,200 | 13,400 | | 12,900 |
| **FSI Consumption** (1000 MT) | 1,700 | 1,658 | 1,750 | 1,643 | | 1,655 |
| **Total Consumption** (1000 MT) | 15,500 | 15,358 | 14,950 | 15,043 | | 14,555 |
| **Ending Stocks** (1000 MT) | 450 | 568 | 497 | 495 | | 440 |
| **Total Distribution** (1000 MT) | 15,950 | 15,926 | 15,447 | 15,538 | | 14,995 |
| **Yield** (MT/HA) | 4.2134 | 4.2208 | 4.1856 | 4.1933 | | 4.1076 |

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Mixed Grain begins in October for all countries. TY 2022/2023 = October 2022 - September 2023

Source: FAS EU Posts.

**Figure 15. EU Mixed Grains Area and Production**




Source: FAS EU Posts estimates based on Member States statistical sources.

[9] Figures for EU mixed grain include triticale, and the threshed, dry seeds of wheat, barley, corn, oats, rye, and sorghum grown and harvested on the same field.

For MY2022/23, the EU mixed grain area is projected to shrink to 3.5 million Ha. Increases of planted area in Spain and Hungary will not offset decreases in France and minor reductions in Germany. Mixed grains area is anticipated to remain stable in Poland and Romania. The cold wave hitting Poland and the Nordic and Baltic Countries has delayed mixed grain planting operations. While triticale, the most profitable and largest category within mixed grains, is largely planted in fall, other mixed grains are planted in spring. Triticale mostly replaces wheat on less fertile soils, that are still too good for rye.

Mixed grains production is forecast to be 1.1 percent lower than in the previous year. After a mild winter, the good condition of winter crops gives hope for high yields in Poland and the Baltic Countries. Conversely, lower yields are projected in France and Spain.

Mixed grains production in MY2021/22 amounted to over average levels, diminishing, however, compared to previous season's bumper crop.

**Consumption and Trade**

In MY2022/23, feed use is forecast to diminish in line with lower availability. Feed is by far the main usage for mixed grains, accounting for roughly 90 percent of total consumption. In MY2021/22, on-farm feed use decreased following the less abundant crop. There is a growing preference to feed triticale to livestock over other mixed grains due to its higher nutritional value, which supports higher triticale share within mixed grains production.

Food, Seed, and Industrial use of mixed grain in MY2022/23 and MY2021/22 is forecast to remain stable. Mixed grains and triticale are not used for human consumption. Industrial use for bioethanol and biomethane, the main component of FSI, is comparatively low compared to other grains. Mixed grains accounts for just over 5 percent of the EU industrial uses of grain. There is no trade with non-EU countries in mixed grains. Intra EU trade occurs mainly from Poland to Germany for feed purposes.

**Stocks**

Mixed grains are used by farmers for their day-to-day needs. Stocks are used up systematically throughout the year, so end-of-year stocks are usually small. Accordingly, given the smaller production, it is expected that MY2022/23 ending stocks will be smaller in comparison with the previous year.

## Sorghum

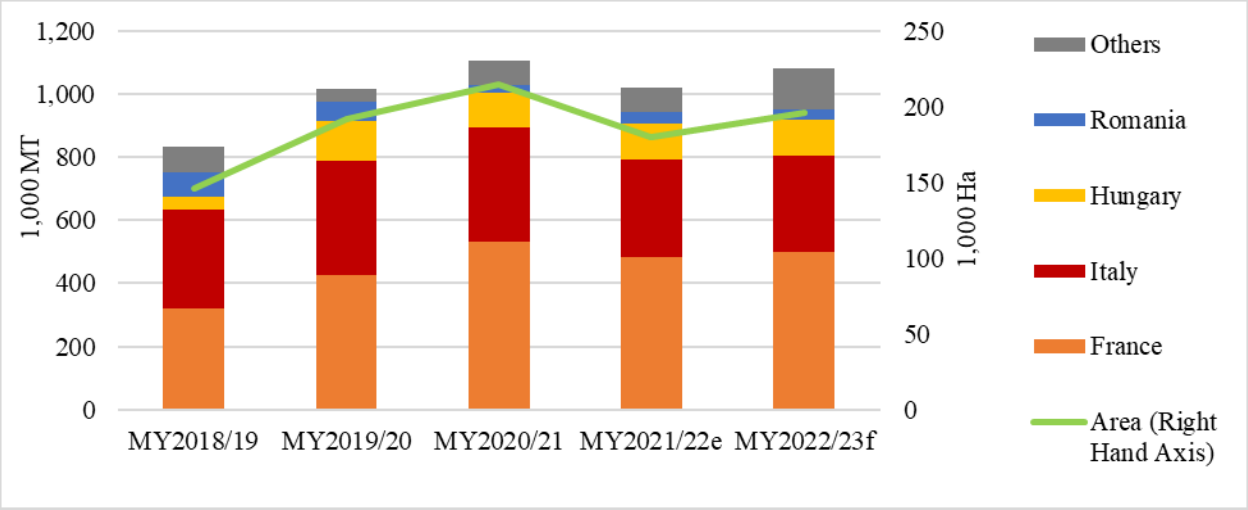
**Table 8. Production, Supply and Distribution – Sorghum**

| Sorghum | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|---|---|---|---|---|---|---|
| Market Year Begins | Jul 2020 | | Jul 2021 | | Jul 2022 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Harvested** (1000 HA) | 213 | 218 | 176 | 180 | | 195 |
| **Beginning Stocks** (1000 MT) | 54 | 54 | 37 | 31 | | 29 |
| **Production** (1000 MT) | 1,097 | 1,107 | 1,006 | 1,021 | | 1,080 |
| **MY Imports** (1000 MT) | 18 | 18 | 30 | 75 | | 65 |
| **TY Imports** (1000 MT) | 13 | 82 | 30 | 75 | | 65 |
| **TY Imp. from U.S.** (1000 MT) | 2 | 2 | 0 | 0 | | 0 |
| **Total Supply** (1000 MT) | 1,169 | 1,179 | 1,073 | 1,127 | | 1,174 |
| **MY Exports** (1000 MT) | 19 | 19 | 20 | 15 | | 12 |
| **TY Exports** (1000 MT) | 19 | 19 | 20 | 15 | | 12 |
| **Feed and Residual** (1000 MT) | 1,090 | 1,106 | 1,000 | 1,060 | | 1,110 |
| **FSI Consumption** (1000 MT) | 23 | 23 | 23 | 23 | | 23 |
| **Total Consumption** (1000 MT) | 1,113 | 1,129 | 1,023 | 1,083 | | 1,133 |
| **Ending Stocks** (1000 MT) | 37 | 31 | 30 | 29 | | 29 |
| **Total Distribution** (1000 MT) | 1,169 | 1,179 | 1,073 | 1,127 | | 1,174 |
| **Yield** (MT/HA) | 5.1502 | 5.0780 | 5.7159 | 5.6722 | | 5.5385 |

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Sorghum begins in October for all countries. TY 2022/2023 = October 2022 - September 2023

Source: FAS EU Posts.

**Figure 16. EU Sorghum Area and Production**




Source: FAS EU Posts estimates based on Member States statistical sources.

**Area and Production**

EU sorghum area in the EU is anticipated to reach 195 thousand Ha[10] in MY2022/23. France, Italy, and Hungary account for most of the EU's sorghum area. EU sorghum yields, given the conditions under which this crop is grown, are extremely variable. If an average crop is confirmed, EU sorghum production may reach over 1 MMT in MY2022/23.

**Consumption and Trade**

MY2022/23 sorghum consumption is anticipated to grow marginally in line with higher domestic availability. Despite its positive attributes,[11] sorghum consumption in the EU remains low compared to other grains. Sorghum consumption in the EU comes down to domestic production and imported sorghum during windows of opportunity when certain market conditions concur (i.e., tight feed supplies, significant discounted price against corn, and favorable transport logistics).

Under normal circumstances, logistics favored Ukraine over the United States as the EU's largest and more stable sorghum supplier. In MY2022/23, importers may turn to other world sorghum suppliers such as the United States. In MY2021/22, Russia's invasion of Ukraine, and its consequences for global exportable grain supplies, are already forcing EU grain importers to find alternative suppliers. At of the drafting of this report, while no U.S sorghum export sales to the EU have been reported yet, the current tight grain market situation may open opportunities for EU sorghum imports, if competitively priced against corn, especially as the transition to the new crop approaches.

[10] Note that as of the drafting of this report, most of the sorghum in the EU has not been yet planted. Thus, forecasts are based on farmer's planting intentions.
[11] Given its gluten-free status for human consumption, the low tannin levels that certain varieties offer for feed uses, and its adaptability to bioethanol distillation processes.

## Section III. Rice

**Table 9. Production, Supply and Distribution – Rice**

| Rice, Milled | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|---|---|---|---|---|---|---|
| Market Year Begins | Sep 2020 | | Sep 2021 | | Sep 2022 | |
| European Union | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Harvested** (1000 HA) | 419 | 419 | 403 | 403 | | 393 |
| **Beginning Stocks** (1000 MT) | 1,162 | 1,162 | 967 | 976 | | 985 |
| **Milled Production** (1000 MT) | 1,926 | 1,825 | 1,840 | 1,717 | | 1,700 |
| **Rough Production** (1000 MT) | 2,806 | 2,822 | 2,683 | 2,635 | | 2,644 |
| **Milling Rate (.9999)** (1000 MT) | 6,865 | 6,467 | 6,857 | 6,516 | | 6,430 |
| **MY Imports** (1000 MT) | 1,724 | 1,784 | 2,100 | 2,100 | | 2,115 |
| **TY Imports** (1000 MT) | 1,820 | 1,862 | 2,100 | 2,100 | | 2,115 |
| **TY Imp. from U.S.** (1000 MT) | 25 | 23 | | | | |
| **Total Supply** (1000 MT) | 4,812 | 4,771 | 4,907 | 4,793 | | 4,800 |
| **MY Exports** (1000 MT) | 445 | 445 | 440 | 418 | | 412 |
| **TY Exports** (1000 MT) | 413 | 413 | 440 | 418 | | 412 |
| **Consumption and Residual** (1000 MT) | 3,400 | 3,350 | 3,440 | 3,390 | | 3,412 |
| **Ending Stocks** (1000 MT) | 967 | 976 | 1,027 | 985 | | 976 |
| **Total Distribution** (1000 MT) | 4,812 | 4,771 | 4,907 | 4,793 | | 4,800 |
| **Yield (Rough)** (MT/HA) | 6.6969 | 6.7351 | 6.6576 | 6.5385 | | 6.7277 |
| (1000 HA),(1000 MT) ,(MT/HA)<br>MY = Marketing Year, begins with the month listed at the top of each column<br>TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2022/2023 = January 2023 - December 2023 | | | | | | |

Source: FAS EU Posts.

### Area and Production

In MY2022/23, EU rice planted area is projected[12] to decline to 393 thousand Ha due to low irrigation water availability in Spain (Guadalquivir River basin) and, to a lesser extent, in Portugal.

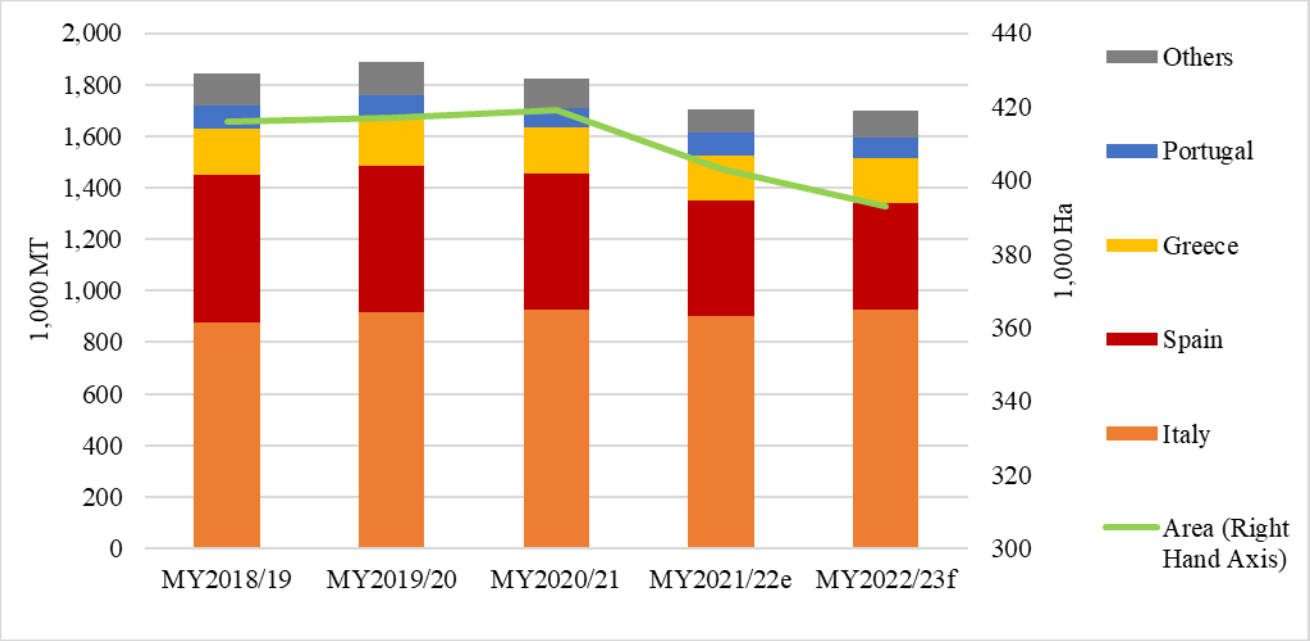
EU rice production is forecast to decrease to 1.7 million MT in MY2022/23, due to lower volumes in Spain and Portugal, despite the increased production forecast in Italy and the stable production anticipated in Greece. EU rice production is concentrated in the southern Member States, namely Italy, Spain, Greece, Portugal, and France, followed by Bulgaria, Romania, and Hungary. Rice cultivation is input intensive as it needs high initial investments for land preparation and a significant amount of working capital to cover input costs.

Italy is the largest rice producer in the EU, accounting for approximately more than half of the EU's production. Rice cultivation is mostly located in the north (Piemonte, Lombardia, and Veneto regions) where water is relatively abundant, and the rice crop can be raised in flooded fields. Approximately 78 percent of rice varieties grown in Italy are Japonica, while the rest of the varieties are Indica. Except for limited amounts of rough (un-milled) rice exports and domestic seed sales, virtually all Italian rice is marketed as a whole kernel milled product.

[12] Note that as of the drafting of this report, most of the rice in the EU has not been yet planted. Thus, these forecasts are based on farmer's planting intentions.

Spain is the second largest rice producer in the EU, accounting for approximately 25 percent of production. The main Spanish producing regions are Andalusia, Extremadura, Valencia, Cataluña, Aragon, and Navarra.

**Figure 17. EU Rice Area and Production**




Source: FAS EU Posts estimates based on Member States statistical sources.

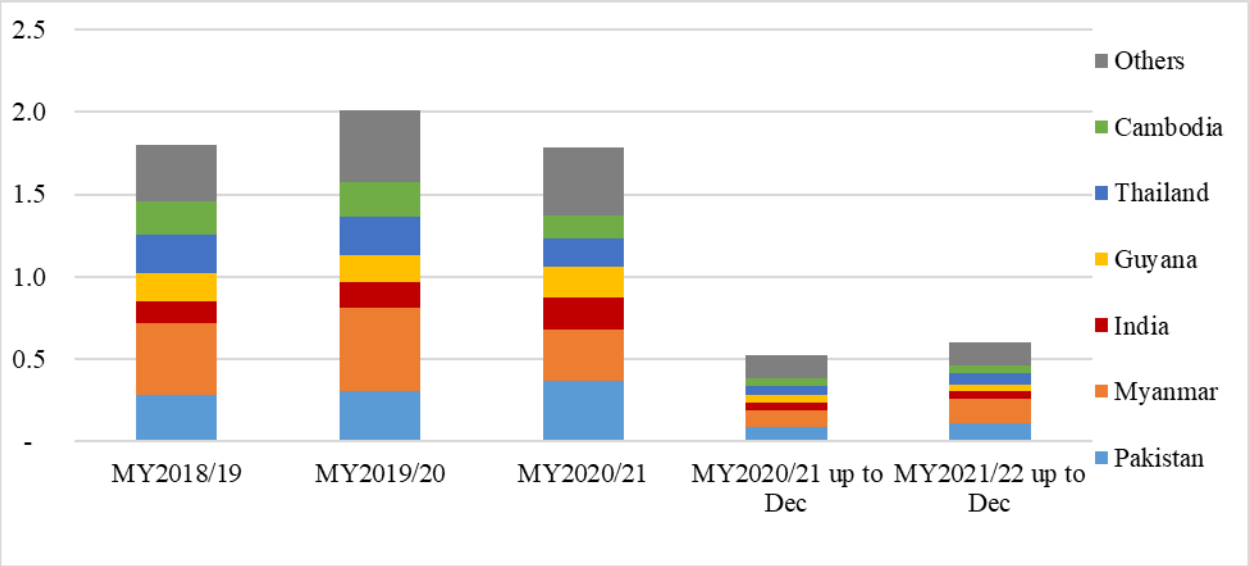
**Consumption**

EU rice consumption in MY2022/23 is currently forecast at 3.4 MMT, increasing from the current season as HRI activity recovers in line with COVID-19 pandemic related restrictions being eased. Despite the ongoing price spike, rice consumption is anticipated to remain strong in MY2021/22. There is a traditional affinity for Japonica varieties in rice producing Member States particularly due to its cooking characteristics, namely its capacity to absorb flavors. Indica consumption, which is more popular in non-producing Member States, along with other non-traditional varieties (i.e., Basmati, wild rice blends, brown rice, glutinous rice, or starchy rice), and ready-to-eat rice portions keeps growing as consumers continue to opt for non-traditional dishes. Small volumes of rice are also used elsewhere, such as in beer fermentation and in pet food.

**Trade**

EU rice imports are forecast to continue expanding in MY2022/23 to 2.1 MMT, driven by lower domestic production and recovering demand. Pakistan, Myanmar, India, Guyana, Thailand, and Cambodia are expected to remain the EU's leading rice suppliers, in particular to non-producing EU Member States where there is a larger affinity for Indica rice and non-traditional varieties (i.e., Basmati, wild rice blends, rice, glutinous rice, or starchy rice).

**Figure 18. Main Rice Suppliers to the EU**




Source: Trade Data Monitor, LLC.

The increased import duty for husked rice[13] effective between September 8, 2021, and March 7, 2022, did not prevent sizeable rice imports by the EU in MY2021/22. According to industry sources, imports were necessary to compensate for the limited EU husked rice production.

The elimination of EU import tariffs[14] on Myanmar and Cambodian white rice Indica since January 2022 is anticipated to fill the gap between the EU shrinking production and the recovering demand. Also, the repeal of the 25 percent retaliatory tariffs on U.S. broken and milled rice from January 2022 until December 31, 2023, should contribute to a resumption of U.S. sales of specialty rice (Calrose, Jupiter, and Wild rice) to Spain and to more traditional U.S. rice markets such as the Netherlands, Germany, Belgium, and Sweden. Likewise, in MY2022/23, EU rice exports are forecast to decline slightly due to lower domestic rice supplies. The United Kingdom is forecast to remain the main non-EU rice export destination, followed by Turkey.

**Stocks**

The combination of lower domestic supply and higher consumption are forecast to result in lower rice ending stocks in MY2022/23.

For additional information on regulations affecting rice, please see the Policy Section at the end of this report.

[13] Falling within CN code 100620, other than basmati rice.
[14] The EU import duties on Indica rice from Myanmar and Cambodia between 2019 and 2021 resulted in a change of the type of rice imported, rather than a decrease in total non-EU rice imports, with husked rice japonica imports replacing white rice Indica.

## Section IV. Policy

In 2021, EU policy makers faced many challenges: the COVID-19 pandemic, the Common Agricultural Policy (CAP) reform, the implementation of the Farm to Fork Strategy (F2F), and the first full year without the UK in the EU. Resilience of the food system has been front and center in policy debates in Brussels for the past two years and these concerns have been raised to higher levels since the Russian invasion of Ukraine in February 2022.

### The European Green Deal: Farm to Fork and Biodiversity Strategy

On December 11, 2019, the Commission presented its Communication on the European Green Deal. The flagship proposal is a draft European Climate Law that will make the EU's 2050 climate neutrality objective binding across the Union. The Green Deal includes a "Farm to Fork Strategy" and a "Biodiversity Strategy" that aim to support the Green Deal's objectives by fundamentally changing the way agriculture operates and how food is produced for, and provided to, EU consumers. Both strategies were published on May 20, 2020. Key aspects of the two Strategies include:

- Reducing pesticide[15] use by 50 percent by 2030.
- Reducing fertilizers use by 20 percent by 2030.
- Supporting domestic production of plant protein for animal feed.
- Increasing organic production to 25 percent of agricultural land.
- Increasing soil and nature conservation by setting aside a minimum of 10 percent of the existing agricultural area into higher biodiversity landscape features.

### Common Agricultural Policy Reform

The CAP supports agriculture and rural development throughout the EU with a significant portion of the total EU budget (39 percent). The European Commission published its legislative proposal for the post-2020 CAP on June 1, 2018. In December 2020, the 2021-2027 Multiannual Financial Framework (MFF) was concluded. On June 25, 2021, the Parliament, Council and Commission reached a provisional political agreement on the new Common Agricultural Policy. The European Parliament granted final approval on November 23, 2021, and the Council provided final approval on December 2, 2021. Most EU Member States National Strategic Plans (NSPs) are currently under EU Commission review.

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[15] For additional information on Green Deal pesticide use reduction proposals including improved collection of pesticide use statistics and proposed revision of existing pesticide legislation, see GAIN report: Pesticides Initiatives in the EU Farm to Fork Strategy.

Due to the delayed agreement on MFF funding, and in order to allow for continued payments to farmers and other CAP beneficiaries, a transitional Regulation (Regulation 2020/2220) for the years 2021-2022 was adopted. The transitional regulation extends most of the CAP rules that were in place during the 2014-20 period. During these years, funding is drawn from the CAP's budget allocation for 2021-2027, bolstered by an additional €8 billion for the Next Generation EU Recovery Instrument (Next Generation) assigned to the European agricultural fund for rural development (EAFRD). The Next Generation EU is a €750 billion temporary recovery instrument which aims to help repair the immediate economic and social damage brought about by the coronavirus pandemic. The new CAP legislative framework, which will be effective as of January 1, 2023, is delineated by the Common Market Organization-, the Strategic Plan- and the Horizontal regulations. Major changes from the previous CAP include a new "delivery model" that de-centralizes funding and a new requirement that EU Member States develop National Strategic Plans in line with Commission priorities, such as the EU Green Deal.

**EU Policy Response to the War in Ukraine**

In response to the global food security threat that Russia's invasion of Ukraine presented, in particular to grain markets, the European Commission published a Communication on Safeguarding food security and reinforcing the resilience of food systems on March 23, 2022. This Communication outlines short-term and medium-term actions that the EU will take to enhance global food security and support EU farmers given rising commodity prices and costs for energy and fertilizer inputs due to the war in Ukraine:

- First, €500 million will be distributed in national allocations to directly support EU farmers most affected by higher input costs and the closure of export markets. Member States can supplement this support up to 200 percent using national funds.
- Additionally, the Commission has granted an exceptional and temporary derogation from certain greening obligations. In particular, Member States may allow production of any food and feed crops on fallow lands that are part of Ecological Focus Areas (EFA) for the duration of 2022, while still providing the full level of greening payment that would be given if the land was kept fallow. This temporary flexibility allows EU farmers to adjust and expand their spring planting plans in response to the new market dynamics.
- The European Commission has also allowed EU Member States to use derogations from Regulation (EC) 396/2005 for pesticide maximum residue levels (MRLs) to be able to import feedstock from additional sources. For the Commission, individual Member State-specific MRL flexibilities are only meant to address acute shortages in the Member State that granted them, so the products imported under these temporary MRL flexibilities should not be traded with other Member States. Furthermore, national measures must be of limited duration and based on the specific situation in each respective Member State.
- The Commission supports Member State use of flexibilities to reduce biofuels blending mandate levels to ease pressure on the markets for food and feed commodities.

**EU Restrictions on the Use of Neonicotinoids**

As of December 2013, the EU has prohibited the use of three neonicotinoids (clothianidin, imidacloprid, and thiamethoxam) on crops attractive to honeybees. In May 2018, the Commission further restricted the use of neonicotinoids except for their application in permanent greenhouses in the EU and banned a fourth one (thiacloprid) in January 2020. This means that the EU has banned four out of five neonicotinoid pesticides (chemically comparable to nicotine), which were previously licensed in Europe. For additional information see GAIN Report on the Implications of Restricted Use of Neonics in the EU.

**Upcoming Reviews for MRLs**

Plant protection products (PPPs) along with maximum residue levels (MRLs) and import tolerances are an increasingly important issue in the EU since there is a significant reduction in the number of active substances approved for use. Regulation (EC) No 1107/2009 and Regulation (EC) No 396/2005 regulate PPPs and MRLs, respectively. There is a consistent review of active substances for which the approval is up for renewal, as well as their associated MRLs. Stakeholders are encouraged to engage with FAS on substances and MRLs of importance to their commodities and to check the USEU website for updates of the EU Early Alert.

**Glyphosate**

The active substance glyphosate is approved for use at the EU level and is set to expire on December 15, 2022. Its renewal procedure is currently ongoing, and its last reauthorization was limited to five years instead of the more typical 10 to 15 years. Although the substance is still approved at the EU level, some Member States are banning its sale or restricting its use in plant protection products at the national level. Since the EU MRLs for glyphosate remain in place in these Member States, there may be some political pressure to restrict imported products containing glyphosate because some EU farmers are not allowed to use the substance.

**Agricultural Biotechnology**

Commercial cultivation of GE (Genetically Engineered) crops in the EU is limited to one percent of the EU's total corn area (102 thousand Ha of GE corn in Spain and Portugal). Since 2015, nineteen EU countries have "opted out" of GE crops cultivation for all or part of their territories under Directive (EU) 2015/412. GE corn produced in the EU is domestically used as animal feed. Spain and Portugal's feed grain elevators do not keep separate production lines for GE and non-GE corn as practically all marketed feed contains GE soybean as a source of protein, and consequently it is labeled by default as "contains GE products." The corn processing industry uses GE-free corn for production that is intended to enter the food chain, in many cases sourced through identity preserved programs.

Every year, the EU imports between 12 to 25 million MT of corn and corn-processing byproducts (GE and non-GE). The share of EU imported GE corn is estimated at just over 20 percent. Over the past 10 years, on average, the United States represented 5 percent of total EU imports of corn. The beginning of GE corn plantings in the United States in 1998 resulted in a drastic decline in U.S. exports to the EU due to the lag of GE traits approved in the EU compared to approvals in the United States (asynchronous approval) and the lack of a low-level presence policy in the EU. For additional information, see the latest GAIN Report on Biotechnology and Other New Production Technologies in the EU.

**Brexit**

The United Kingdom (UK) officially left the European Union on January 31, 2020. The transition period, in which the UK was expected to comply with EU rules and legislation, ended on December 31, 2020. During this transition period, both parties negotiated a Trade and Cooperation Agreement (TCA) on their future relationship, which was only concluded on December 24, 2020, avoiding a no deal outcome (hard Brexit). The European Commission published a specific guide, as well as for import licenses on the EU Tariff Rate Quotas (TRQ).

**EU Import Policy**

The EU limits the entry of lower priced grains from non-EU countries through a system of import duties and quotas. Under the WTO Uruguay Round Agreement, all import quotas and variable levies applied to EU imports of grains and processed grains were fixed or 'tariffied' and subsequently reduced by 36 percent over the six-year period from July 1, 1995, to June 30, 2001. However, under the Blair House Accord concluded between the United States and the EU in 1993, it was agreed that the difference between the grains import price (Cost Insurance Freight [CIF] duty paid in Rotterdam) and the EU's intervention price could not be greater than 55 percent. The EU then developed a system where duties were set on the basis of separate reference prices for six grain types and applied to imports of high-quality wheat, durum wheat (high quality), durum wheat (medium quality), maize (corn), flint corn, rye, and sorghum. The resulting duty has been set at zero Euro/MT for the above-mentioned grains since August 27, 2020. The references considered a for duties calculation and a sample of duty calculation are as follows:

**Table 10. Reference used for calculating import duties**

| Type of Grain | Reference variety | Reference market |
|---|---|---|
| High quality wheat | U.S. hard red spring No. 2 | Minneapolis |
| Durum wheat (high quality) | U.S. hard red spring No. 2 | Minneapolis |
| Durum wheat (medium quality) | U.S. hard red spring No. 2 | Minneapolis |
| Corn | U.S. yellow corn No. 3 | Chicago Mercantile Exchange |
| Flint corn | U.S. yellow corn No. 3 | Chicago Mercantile Exchange |
| Other feed grains (rye, sorghum) | U.S. yellow corn No. 3 | Chicago Mercantile Exchange |

Source: Commission Regulation (EU) 642/2010 and Regulation (EU) No 643/2011.

**Table 11. Theoretical example illustrating method of calculating EU import duties Euro/ MT)**

| Grain | Representative world standard | EU Reference price (a) | World price (b) | FOB premium (c) | Freight (d) | Representative world price (e) = (b)+(c)+(d) | EU duty (a)-(e) |
|---|---|---|---|---|---|---|---|
| Corn | Chicago yellow corn No. 3 | 157.03 | 68.46 | 16.20 | 15.56 | 100.22 | 56.81 |
| Note: Reference price = EU intervention price is 1.55 times €101.31/MT | | | | | | | |

Source: FAS EU Posts.

Details on quotas available for grains imports to the EU are outlined in the table below.

**Table 12. EU Grain Import Quotas Available**

| Product | Quantity (MT) | Period | Origin | In-Quota Duty (€/MT) |
|---|---|---|---|---|
| Common Wheat | 572,000 | Jan – Dec | United States | 12 (vs. 95 outside quota) |
| Common Wheat | 100,000 | Jan – Dec until 2023 | Canada | 0 (vs. 95 outside quota) |
| Common wheat | 2,371,600<br>I) 1,185,800<br>II) 1,185,800 | I) Jan-Jun<br>II) July-Dec | Third countries, other than U.S. and Canada | 12 (vs. 95 outside quota) |
| Common wheat | 129,577 | Jan-Dec | All | 12 (vs. 95 outside quota) |
| Common wheat and products | 1,000,000 | Jan-Dec 2021 | Ukraine | 0 (vs. 95 outside quota) |
| Corn | 277,988<br>I) 134,994<br>II) 134,994 | I) Jan-Jun<br>II) July-Dec | All | 0 (vs. EU duty calculated value) |
| Corn and products | 650,000 | Jan-Dec 2021 | Ukraine | 0 (vs. EU duty calculation) |
| Barley and products | 350,000 | Jan-Dec 2021 | Ukraine | 0 (vs. 93 outside quota) |
| Barley | 307,105 | Jan-Dec | All origins | 16 (vs. 93 outside quota) |
| Malting barley | 50,890 | Jan-Dec | All origins | 8 (vs. 93 outside quota) |

Source: Commission Implementing Regulation (EU) 2020/761, Commission Implementing Regulation (EU) 2020/1988, and Commission Implementing Regulation 2014/416.

Actual quantities of grain traded, based on the European Commission's DG TAXUD surveillance, are published on a weekly basis on Mondays at 16:00 Brussels time at the Europe website. Import licenses applying to grains subject to TRQs are valid for the current month plus two.

**Special Provisions for Maize (Corn) and Sorghum for Spain and Portugal – "Abatimento"**

Spain and Portugal's accession to the EU resulted in the application of common EU tariff barriers on Spanish and Portuguese imports. It consequently reduced the competitiveness of imports from non-EU countries. An agreement between the EU and the United States allows for the import of a fixed quantity of non-EU corn and sorghum at a preferential import duty as compensation for the loss of the Spanish and Portuguese market. The current agreement applies to 2 million MT of corn and 0.3 million MT of sorghum for Spain, plus a quota of 500,000 MT of corn for Portugal. Amounts are reduced by any quantity of grain substitutes (e.g., starch residues and citrus pulp) imported during the same year. Flint corn is not permitted to be included within these concessions. Regulation 2020/760 has amended the management of this scheme. Since April 1, 2021, the former bidding system was replaced by the automatic fixation of zero duty (TRQ) from April 1 of each year (i.e., the normal import regime would apply from January 1 until March 31).

**Intervention Mechanism**

Regulation (EU) No 1308/2013 of the European Parliament and of the Council (Common Market Organization) allows the EU to intervene in markets by purchasing grains from farmers and traders at an intervention price of €101.31/MT. Selling into intervention is aimed to be the market of last resort for farmers and traders. Intervention purchases may be made between November 1 and May 31 for common wheat, durum wheat, barley, corn, and paddy rice. Grain held in intervention stores is disposed of mainly through sale by tender onto the domestic market or for export, although a proportion may be released for the most deprived people in the EU.

Guaranteed intervention quantities were reduced to zero MT for corn since MY2009/10, durum wheat since MY2009/10, barley since MY2010/11, and rice since MY2009/10. By reducing the guaranteed intervention quantity to zero, the EU maintains the right to reintroduce intervention if market conditions are considered appropriate. In practice, no grains have been held in intervention since 2010. In 2016, the rules applying to the intervention system were simplified by Commission Delegated Regulation (EU) 2016/1238 and Commission Implementing Regulation (EU) 2016/1240.

**EU Additional Duties Targeting U.S. Grains**

- EU retaliation on U.S. Section 232 Safeguard Measures on EU Steel and Aluminum Temporary Suspension: On June 22, 2018, the EU imposed additional tariffs of 25 percent on U.S. corn, semi-milled and milled rice, and products in retaliation against U. S. safeguard measures on EU steel and aluminum (Commission Implementing Regulation (EU) 2018/886). On October 30, 2021, the United States and European Union agreed to end the dispute over U.S. steel and aluminum tariffs. On November 26, 2021, under Commission Implementing Regulation (EU) 2021/2083, the EU suspended tariffs affecting U.S. agricultural products from January 1, 2022, until December 31, 2023.

- U.S.-EU WTO Cases on Aircraft Subsidies: On November 9, 2020, the European Union adopted countermeasures against U.S. exports following the World Trade Organization's ruling that authorized the EU to take such countermeasures against U.S. subsidies to aircraft maker Boeing. The European Commission published Implementing Regulation (EU) 2020/1646 that laid down the list of products affected by a 25 percent additional tariff. The Regulation entered into force on November 10, 2020. Wheat other than durum was listed in the Regulation and hence subject to the additional tariff. On June 15, 2021, the European Union and the United States agreed to suspend the application of the tariffs for a period of five years. The two sides also agreed to seek to overcome long-standing differences in order to avoid future litigation through the Understanding on a cooperative framework for Large Civil Aircraft.

**EU Export Policy – Member State Measures**

The crisis in Ukraine and uncertainties over coarse grain supplies has led East European EU Member States to consider building in strategy stocks. For the moment, only Hungary has officially introduced export limitations for grains (affecting wheat, barley, oats, rye, and corn), as of March 6, 2022. Under the decree in effect until May 15, 2022, all export shipments must be notified to the country's authority to ensure the government's preemptive right to purchase. The European Commission stated on March 18, 2022, that it is examining the measures and will respond to the Hungarian authorities if the measures are not consistent with EU law.

**EU Rice Policy**

Exports of rice to countries outside the EU are mostly subject to the issuance of an export license. Rice products for which an import license is required are as follows:

- Husked rice under heading 1006 20: Period of validity is until the end of the second month following application. Security is €30/MT. On September 7, 2021, under Commission Implementing Regulation (EU) 2021/1458, the EU Commission increased the import duty for husked rice (falling within CN code 1006 20, other than basmati rice) from €30/MT to €42,50/MT. However, From March 8, 2022, Commission's Implementing Regulation (EU) 2022/386 decreased the import duties for husked rice (CN code 1006 20, other than husked basmati rice) again to €30/MT, applicable to certain types of husked rice.
- Milled rice under heading 1006 30: Period of validity is until the end of the second month following application. Security is €30/MT. Current rate of duty is €175/MT.
- Broken rice under heading 1006 40 00: Period of validity is until the end of the second month following application. Security is €1/MT. Current rate of duty is €65/MT.

As of January 18, 2022, the EU's import tariffs on Myanmar and Cambodian white rice Indica reverted to zero. Tariffs were brought in three years ago (€175/MT in 2019, €150/MT in 2020, and €125/MT in 2021) as a temporary measure to help protect EU farmers from competitively priced long grain rice.

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**Attachments:**

No Attachments