

**Required Report:** Required - Public Distribution

**Date:** March 02,2020

**Report Number:** E42020-0010

**Report Name:** Livestock and Products Semi-annual

**Country:** European Union

**Post:** The Hague

**Report Category:** Livestock and Products

**Prepared By:** Bob Flach

**Approved By:** Christopher Riker

**Report Highlights:**

In 2019, the EU swine sector took full advantage of the surge in demand from China as nearly two-thirds of China's imports were sourced from the EU. Good profit margins for the sector led to an expansion of the EU breeding herd in 2019, which is expected to lead to another pork export record in 2020. Spain is accounting for most of the export growth and is surpassing Germany as the biggest pork producer in the EU. Unlike swine, the total EU cattle herd is shrinking due to a lack of profit margins in the dairy and beef sector. Exceptions are in the dairy herd in Ireland and the beef herd in Spain, Italy, and Central Europe.

## Executive Summary

### ***Cattle & Beef – The EU cattle herd is contracting due to an overall lack of profitability.***

Since 2016, the overall EU cow herd has contracted, and this trend is forecast to continue in 2020. While the EU dairy cow herd was cut significantly by a lack of profits and environmental restrictions, the EU beef cow herd shrunk marginally given government support funds and local demand for high-quality beef. The dairy cow herd in Ireland and the beef cow herd in Spain, Italy, Poland, Lithuania, Latvia, Bulgaria, and Hungary were the exceptions to the contraction. With insufficient renewal of the herd, the size is forecast to shrink to a record low of 85.7 million head at the end of 2020. As EU beef imports are regulated, lower beef production will not be fully offset by imports. Nevertheless, a minor increase in imports is forecast based on the new quota for high-quality beef from the United States, which could help satisfy the growing demand for beef in the food service sector.

### ***Swine & Pork – The EU is forecast to produce a new pork volume record in 2020.***

While the EU swine sector was ready for record export demand for pork in 2018, shipments only picked up in 2019. This surge in demand resulted in strong recovery of pork and piglet prices and led to a larger breeding herd at the start of 2020. While record piglet production is not projected in 2020, when combined with a further increase in slaughter weights, pork production is forecast to reach the highest level officially reported. Domestic consumption is still falling in most EU Member States, most notably in Germany, leaving nearly four million metric tons (mmt), carcass weight equivalent (CWE), of pork available for exports. Accordingly, more than 16 percent of domestic production will be exported to third countries, with China being the focus of EU pork producers. Despite the increase in export demand, pork production is anticipated to be cut in Germany, France, Bulgaria, and Hungary. Based on new investments, Spain is expected to surpass Germany as the leading pork producer in the EU.

## Cattle

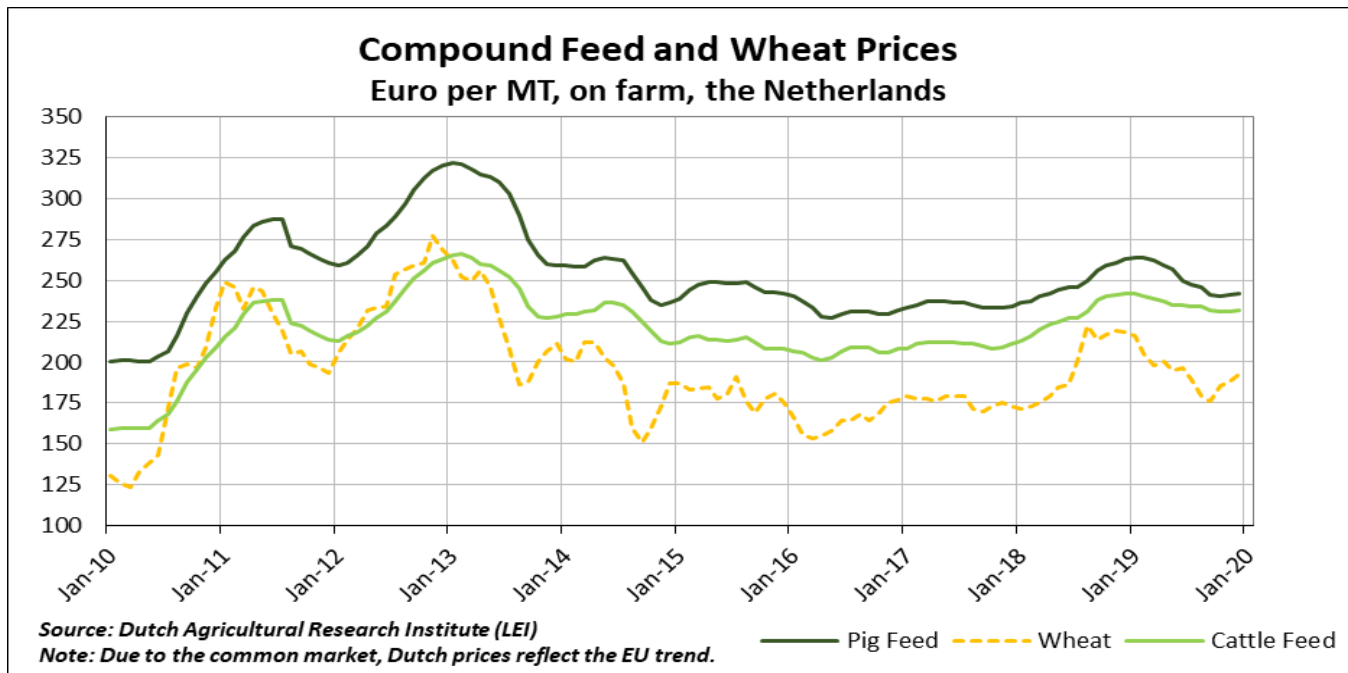
Animal Numbers, Cattle	2018		2019		2020	
	Jan 2018		Jan 2019		Jan 2020	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Total Cattle Beg. Stocks</b>	88,819	88,819	87,407	87,450	86,250	86,594
<b>Dairy Cows Beg. Stocks</b>	23,311	23,313	22,909	22,908	22,820	22,628
<b>Beef Cows Beg. Stocks</b>	12,308	12,307	12,218	12,222	12,080	12,210
<b>Production (Calf Crop)</b>	28,800	28,850	28,350	28,900	28,300	28,500
<b>Total Imports</b>	0	0	0	1	0	1
<b>Total Supply</b>	<b>117,619</b>	<b>117,669</b>	<b>115,757</b>	<b>116,351</b>	<b>114,550</b>	<b>115,095</b>
<b>Total Exports</b>	1,005	1,005	975	1,016	920	990
<b>Cow Slaughter</b>	12,163	12,142	12,050	11,800	11,950	11,500
<b>Calf Slaughter</b>	6,595	6,598	6,560	6,500	6,450	6,400
<b>Other Slaughter</b>	8,595	8,613	8,190	8,650	8,100	8,750

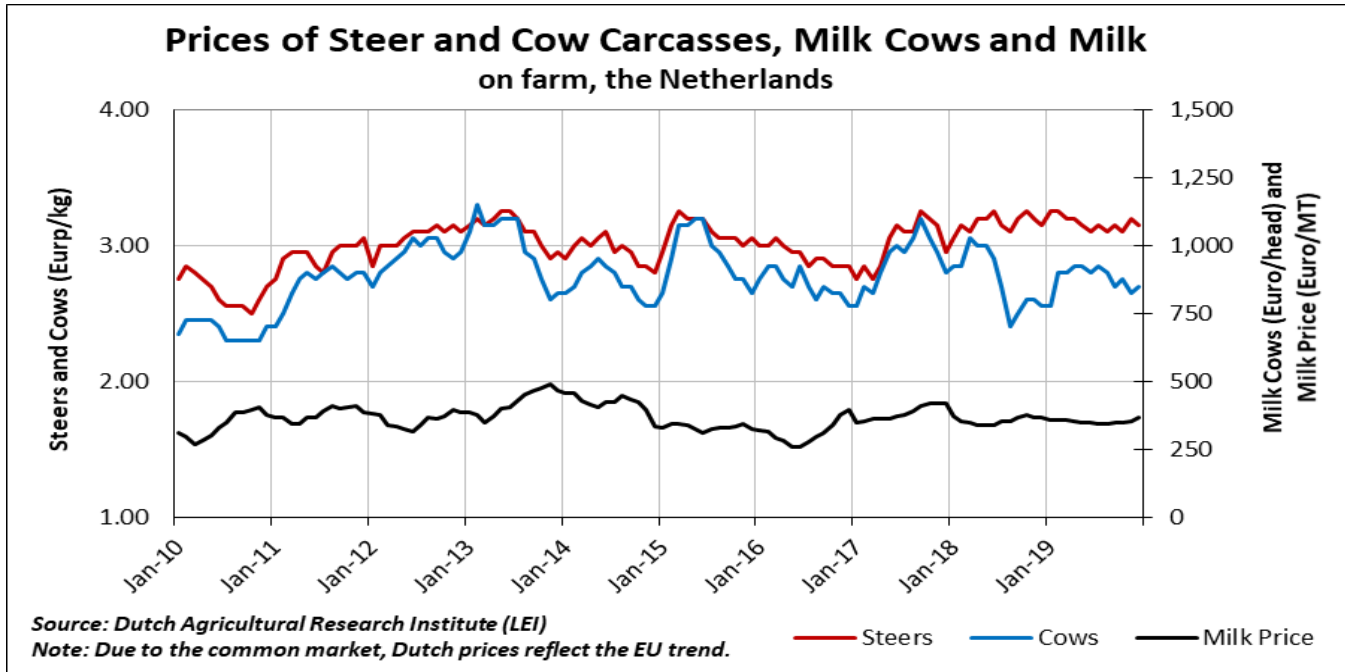
<b>Total Slaughter</b>	27,353	27,353	26,800	26,950	26,500	26,650
<b>Loss and Residual</b>	1,854	1,861	1,732	1,791	1,710	1,755
<b>Ending Inventories</b>	87,407	87,450	86,250	86,594	85,420	85,700
<b>Total Distribution</b>	<b>117,619</b>	<b>117,669</b>	<b>115,757</b>	<b>116,351</b>	<b>114,550</b>	<b>115,095</b>
(1000 HEAD)						

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

***The dairy herd is reduced due to low profits and environmental restrictions.***

Since 2016, the EU dairy cow herd has contracted. In 2019, the cow herd declined by another 280,000 head. Based on the Eurostat census of December 2018 and 2019, the most significant cuts in the dairy cow herd are reported in Germany, France and Italy. An EU-wide underlying factor is dry weather conditions during the summer of 2018, and, to a lesser extent, in 2019. The resulting higher feed prices were not compensated by higher milk prices (see graphs below). Restrictive environmental regulations are another important reason for the shrinking dairy herd in Western Europe, in particular in the Netherlands (see FAS GAIN Report - [New Phosphate Reduction Plan Sets Limits to Dutch Dairy Production](#)). Over the course of 2019, the Dutch dairy cow herd recovered from the cuts in 2018. The size is now a little smaller than reported at end the end of 2013. In 2019, the Polish, Romanian, and Bulgarian dairy sector also shrank due to a lack of infrastructure and, in turn, an overall shift in EU milk production from the west to the east is not taking place. The Irish dairy herd has increased since 2010. In 2018 and 2019, imported cereals and derivatives supported milk production and led to a further expansion of the herd, despite the last two dry summers.





***Supported by subsidies, the beef cow herd marginally declined in 2019.***

In 2019, the beef cow herd shrank by 12,000 head. The most significant cuts in the beef cow herd were reported in France, the United Kingdom, and Ireland. The French beef herd continues to decline, driven by the low profits and dry weather conditions which negatively impacted cattle farms in the summer of 2019. While the Irish beef herd is only a quarter of the size of the French beef herd, it is an important supplier of beef to other EU Member States. However, the Irish beef cattle market has been particularly affected by uncertainty due to the United Kingdom’s departure from the EU (known as Brexit). The United Kingdom is the leading foreign market for Irish beef, and the concern around possible increased trade friction and transaction costs subject to the specifics of any trade deal is discouraging the Irish sector to invest and expand. However, the beef cow herd is growing in Spain, Italy, Poland, Lithuania, Latvia, Bulgaria, and Hungary. In Spain, this upward trend began in 2014, fueled by higher slaughter demand in non-EU countries for Spanish live cattle. A reason for the increasing Italian beef herd is the increasing domestic demand for beef. In the central European countries, government funds which support investments in the herd are an important factor for the expansion. In the countries mentioned above, with the exception of Hungary, the expansion of the beef herd is a long-term trend and comes, in tandem, with a reduction of the dairy herd.

***In 2020, the total cattle herd will contract further due to increased slaughter and exports.***

With declines in the EU cow herd, the calf crop, slaughter, and total cattle herd are forecast to shrink through 2019 and 2020. It should be noted that due to the dry summer in 2018, slaughter increased to its highest level since 2011. While slaughter slowed in 2019, it is still at a relatively high level compared to the herd size. To picture the negative supply and distribution balance of the EU in 2018: calf production fell short by 364,000 head to cover slaughter and loss, while over a million head of cattle were exported. In 2019, calf production fell short 159,000 animals to cover slaughter and loss, while exports continued at over a million animals. During the first half of 2019, exports of cattle to Turkey

fell significantly due to restrictions established by the Turkish government in an attempt to control the oversupply of animals in the country. However, since September, exports to Turkey have recovered significantly. Based on the smaller cow herd, declining but still elevated slaughter, and sustained exports of animals, the herd is expected to further shrink in 2020. The only exceptions are the dairy herd in Ireland and the beef herd in Spain, Italy, and Central Europe. At the end of 2020, the EU cattle herd is forecast to reach a record low of 85.7 million animals.

## Beef

Meat, Beef and Veal	2018		2019		2020	
Market Begin Year	Jan 2018		Jan 2019		Jan 2020	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	27,353	27,353	26,800	26,950	26,500	26,650
Beginning Stocks	0	0	0	0	0	0
Production	8,003	8,003	7,875	7,900	7,780	7,810
Total Imports	373	363	357	341	355	350
<b>Total Supply</b>	<b>8,376</b>	<b>8,366</b>	<b>8,232</b>	<b>8,241</b>	<b>8,135</b>	<b>8,160</b>
Total Exports	352	295	370	330	360	320
Human Dom. Consumption	8,024	8,071	7,862	7,911	7,775	7,840
Other Use, Losses	0	0	0	0	0	0
<b>Total Dom. Consumption</b>	<b>8,024</b>	<b>8,071</b>	<b>7,862</b>	<b>7,911</b>	<b>7,775</b>	<b>7,840</b>
Ending Stocks	0	0	0	0	0	0
<b>Total Distribution</b>	<b>8,376</b>	<b>8,366</b>	<b>8,232</b>	<b>8,241</b>	<b>8,135</b>	<b>8,160</b>

(1000 HEAD), (1000 MT CWE)

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

### ***Based on restructuring, the average slaughter weight is expected to remain at 293 kg.***

In line with the reported falling slaughter figures in 2019, and a continuation of this forecast in 2020, EU beef production will continue to decline. In 2018, the average carcass weight of 292.6 kg was the highest ever reported by Eurostat. Such a high weight was achieved due to the high number of adult cattle slaughtered, which is generally attributable to a restructuring of the herd. In 2019, the carcass weight further rose to 293.1 kg. Assuming normal forage availability, and a similar share of adult cattle slaughtered, the average carcass weight is forecast to remain at roughly the same weight in 2020.

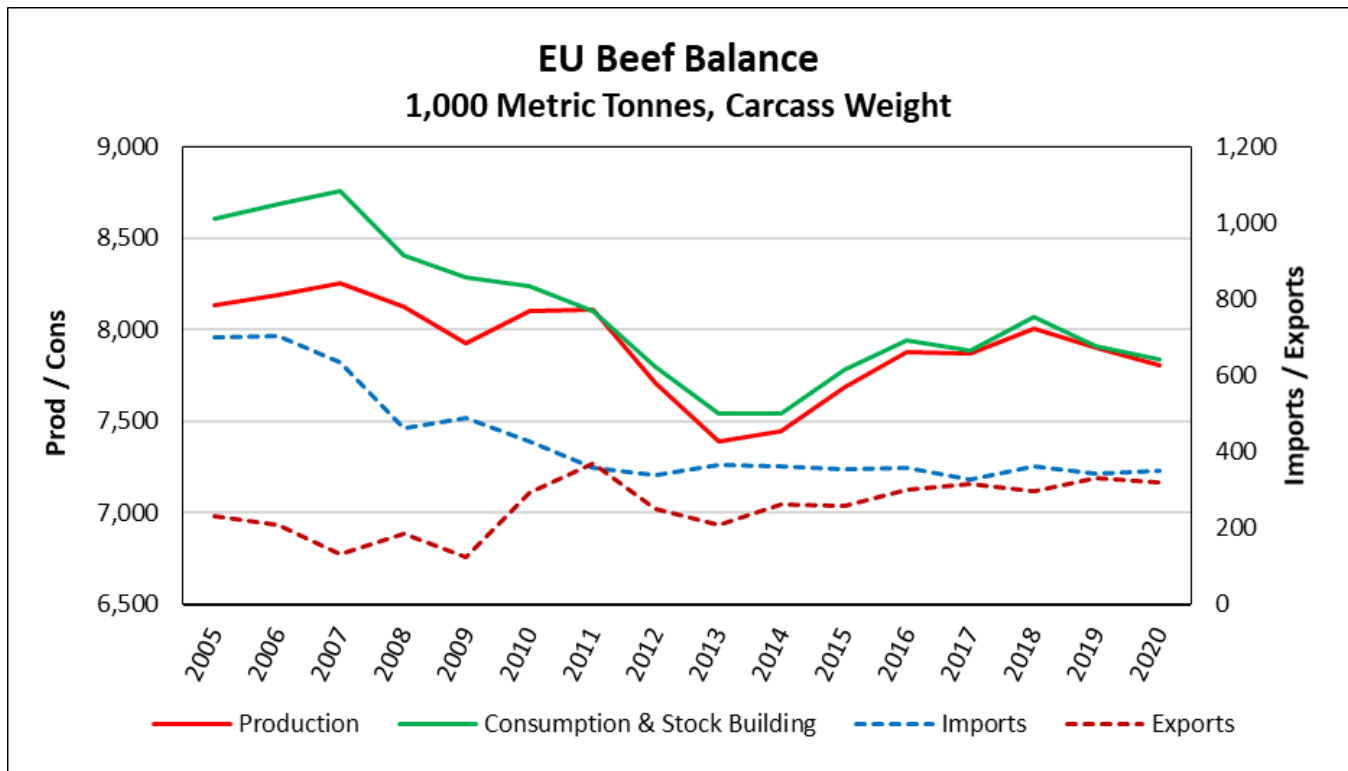
### ***Domestic use is following the falling domestic production.***

Since 2010, domestic beef use (the sum of domestic consumption and stock building) has been elastic, closely following the domestic supply (see graph below). This dynamic is a result of relatively closed nature of the market to beef imports, and the limited export demand for beef produced in the EU. Another factor is the versatility of beef as a meat ingredient. Taking this elasticity into account, EU beef use is forecast to fall in tandem with supply. In 2019 and 2020, the most significant cuts in production and consumption are expected in Germany and the United Kingdom. While total beef consumption is on the decline in the EU, demand for high-quality beef continues to grow. An increased

demand for high-quality beef is reported mainly by the food service market in Germany, Italy, Spain, and Poland.

***In line with lower availability, beef exports are forecast to fall in 2020.***

In 2019, beef imports, restricted by tariffs and strict food safety standards for imports, fell by 6.1 percent. The most significant reductions were reported for Brazil and Uruguay. Imports from Argentina and Namibia grew the most. The new quota for beef from non-hormone treated cattle from the United States is forecast to lift imports, albeit over a multi-year period (see the Policy section for more information). EU beef exports increased in 2019, supported by production and stock building in 2018. Exports to Turkey were suspended, but increased to almost all other leading destinations, most significantly to China and the Philippines. In line with the decline in total beef production, EU beef exports are forecast to fall in 2020. An exception to this trend is beef exports from Spain. The Spanish beef sector is focusing on the Asian market, finalizing the opening of the Chinese and Philippine market, and building on the recently opened markets in Vietnam, Hong Kong, Singapore, Indonesia, and Japan.



## Swine

Animal Numbers, Swine	2018		2019		2020	
Market Begin Year	Jan 2018		Jan 2019		Jan 2020	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Total Beginning Stocks</b>	150,257	150,257	148,192	148,167	148,500	148,200
<b>Sow Beginning Stocks</b>	12,164	12,164	11,787	11,784	11,900	11,800
<b>Production (Pig Crop)</b>	267,000	267,000	266,500	265,000	270,000	268,000
<b>Total Imports</b>	3	3	3	3	3	3
<b>Total Supply</b>	<b>417,260</b>	<b>417,260</b>	<b>414,695</b>	<b>413,170</b>	<b>418,503</b>	<b>416,203</b>
<b>Total Exports</b>	509	509	400	369	375	350
<b>Sow Slaughter</b>	4,432	4,435	4,000	3,824	3,900	3,900
<b>Other Slaughter</b>	257,427	257,424	255,500	254,776	257,100	255,800
<b>Total Slaughter</b>	261,859	261,859	259,500	258,600	261,000	259,700
<b>Loss and Residual</b>	6,700	6,725	6,295	6,001	6,128	5,953
<b>Ending Inventories</b>	148,192	148,167	148,500	148,200	151,000	150,200
<b>Total Distribution</b>	<b>417,260</b>	<b>417,260</b>	<b>414,695</b>	<b>413,170</b>	<b>418,503</b>	<b>416,203</b>

(1000 HEAD)

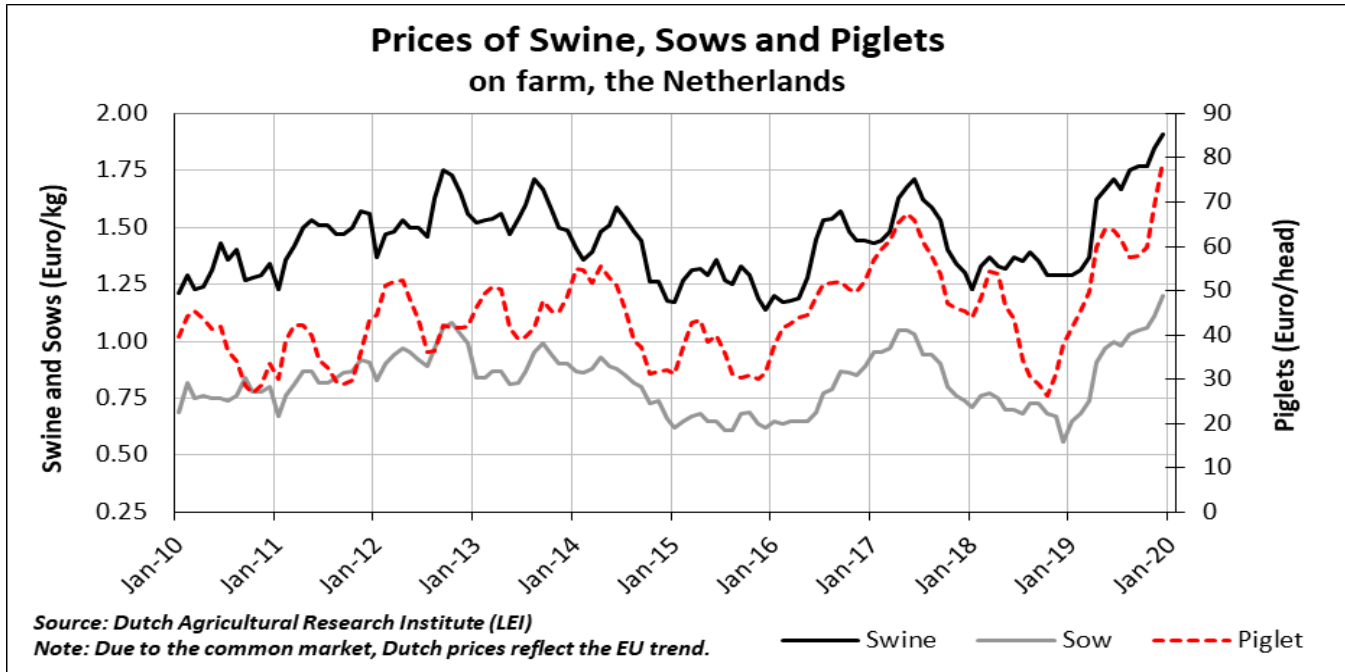
Not official USDA data. Source: Eurostat and FAS Offices. Includes backyard slaughter.

### ***In 2019, slaughter fell more significantly than anticipated.***

A substantial revision has been made by Post to the total slaughter number in 2019. Last year, the sum of official and backyard slaughter declined by 1.2 percent. It was previously anticipated that slaughter would recover during the last quarter, but this didn't happen. The ending inventories of 2019 were close to the USDA official forecast. Based on the slaughter figure and the December census, adjustments have been made to production and loss. Based on the better market conditions for piglets in 2019, compared to 2018, loss is reduced to 2.3 percent, which results in a production level of 265 million piglets.

### ***In response to the Chinese demand for pork, the EU sow herd expanded in 2019.***

Reviewing the balance of 2018 and 2019, it can be concluded that in 2018 the sector had piglets available, but the demand was not there. While in 2019 demand for piglets picked up (but only after the breeding herd was cut by 380,000 sows). This shortage is expressed in piglet prices. Between the low point at the end of 2018 until the date of publication of this report, piglet prices tripled (see graph below). The spread of African Swine Fever (ASF) in China since the summer of 2018 boosted demand for EU pork and, in turn, demand for piglets for fattening. Based on the exceptionally good market conditions for the swine breeding sector in 2019, the EU sow herd expanded by 216,000 head. The Eurostat census of December 2018 and 2019 show that the sow herd increased most significantly in the Netherlands and Spain. The most significant reduction was reported for the German, French, Bulgarian, and Hungarian sow herds.



***After an expansion last year, the Dutch breeding sector will be cut in 2020.***

In the Netherlands, in 2019, the sow herd increased by 80,000 head, an increase of eight percent. This expansion was in response to strong domestic and EU demand for piglets. Dutch piglet exports rose to Germany, Belgium, Spain, and Italy. In 2020, Dutch piglet production is forecast to stagnate as a result of a buy-out program initiated by the Dutch government in an effort to reduce nitrogen emissions. The initial fund totaled €180 million and compensated farmers for a waiver of their license to keep animals and for the destruction of their stables. FAS/The Hague estimated that the fund was sufficient to reduce the herd by a maximum of 575,000 animals, nearly five percent of the herd. The effect on Dutch slaughter would likely be limited as it is anticipated that a higher share of the piglets and hogs will remain in country. On February 7, the Dutch government announced an additional buy-out program to total €350 million. However, the final conditions of this program are not yet fully determined.

***In 2020, Spanish slaughter is forecast to surpass German slaughter.***

The Spanish expansion in slaughter is a result of consolidation in favor of large-scale farms, vertical integration of the sector, improvement of production efficiency, and better product quality coupled with targeted marketing efforts. In 2019, a new plant became operational with an initial slaughtering capacity of 15,000 head per day. This plant is expected to reach full operation of 30,000 head per day by 2020. At full operation, this facility would become the largest pork slaughtering operation in the EU. As a result of this investment, Spanish slaughter is forecast to surpass German slaughter in 2020. Additionally, piglet production in the United Kingdom is increasing based on the improved financial position of the sector, driven by Chinese demand combined with a weak British pound when compared to the currencies in foreign markets, further boosting exports.



***The German and French sector will shrink further despite strong export demand for pork.***

Based on a smaller sow herd at the beginning of 2020, a reduction in piglet production is anticipated in Germany, France, Hungary, and Bulgaria. The crisis in the German pork market has not ended as domestic demand for pork continues to fall, partly driven by animal welfare considerations. The sector has yet to identify responses to the most pressing questions related to animal welfare conditions such as castration, tail docking, and space limitations. After an increase of the French breeding herd in 2017 and 2018, a reduction is reported for 2019, which is a sign of a further restructuring of the sector. While the Danish sector is taking advantage of Chinese demand for pork, piglet production and slaughter have not expanded. Accordingly, Danish slaughter continued to shrink, mainly due to high salary costs, which is leading to expanding capacity in Poland.

***The spread of African Swine Fever (ASF) is reducing the herd in Bulgaria and Hungary.***

The reduced size of the breeding herd in Bulgaria and Hungary is attributable to the African Swine Fever (ASF) outbreaks in the central European region. The most affected country is Bulgaria (see FAS GAIN Report - [African Swine Fever Update](#), published December 12, 2019). Since 2019, when ASF was first detected in Bulgaria, 53 domestic cases have been confirmed, with the last detection on February 3, 2020. The total number of culled animals to date, due to the ASF outbreaks, exceeds 205,000 pigs, over 31 percent of the national swine herd. Romania also continues to struggle with ASF after being hit hard in 2018 (see FAS GAIN Report - [African Swine Fever Keeps Romania's Pork Industry Vigilant](#), published August 21, 2019). Until now, ASF outbreaks have been reported in all the countries bordering Russia, Belarus, and the Ukraine - from the North to the South: Estonia, Latvia, Lithuania, Poland, Slovakia, Hungary, Romania, and Bulgaria. It is difficult to predict the repercussions if ASF would spread further westward, but the most immediate effect could be an oversupply of pork on the EU market due to the closure of export markets. However, ASF has not yet reached the commercial facilities in the main production regions in the western part of the EU. Combined with a higher fertility rate, the EU sow herd is forecast to produce 268 million piglets. Based on the improved efficiency of fattening, with a loss of 2.2 percent, 2020 slaughter is forecast at 259.7 million head, a level which was earlier exceeded in 2016 and 2018.

## Pork

Meat, Swine	2018		2019		2020	
	Jan 2018		Jan 2019		Jan 2020	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	261,859	261,859	259,500	258,600	261,000	259,700
Beginning Stocks	0	0	0	0	0	0
Production	24,082	24,082	23,980	23,935	24,250	24,150
Total Imports	14	14	15	16	15	18
Total Supply	<b>24,096</b>	<b>24,096</b>	<b>23,995</b>	<b>23,951</b>	<b>24,265</b>	<b>24,168</b>
Total Exports	2,933	2,838	3,650	3,551	3,900	3,900
Human Dom. Consumption	21,163	21,258	20,345	20,400	20,365	20,268
Other Use, Losses	0	0	0	0	0	0

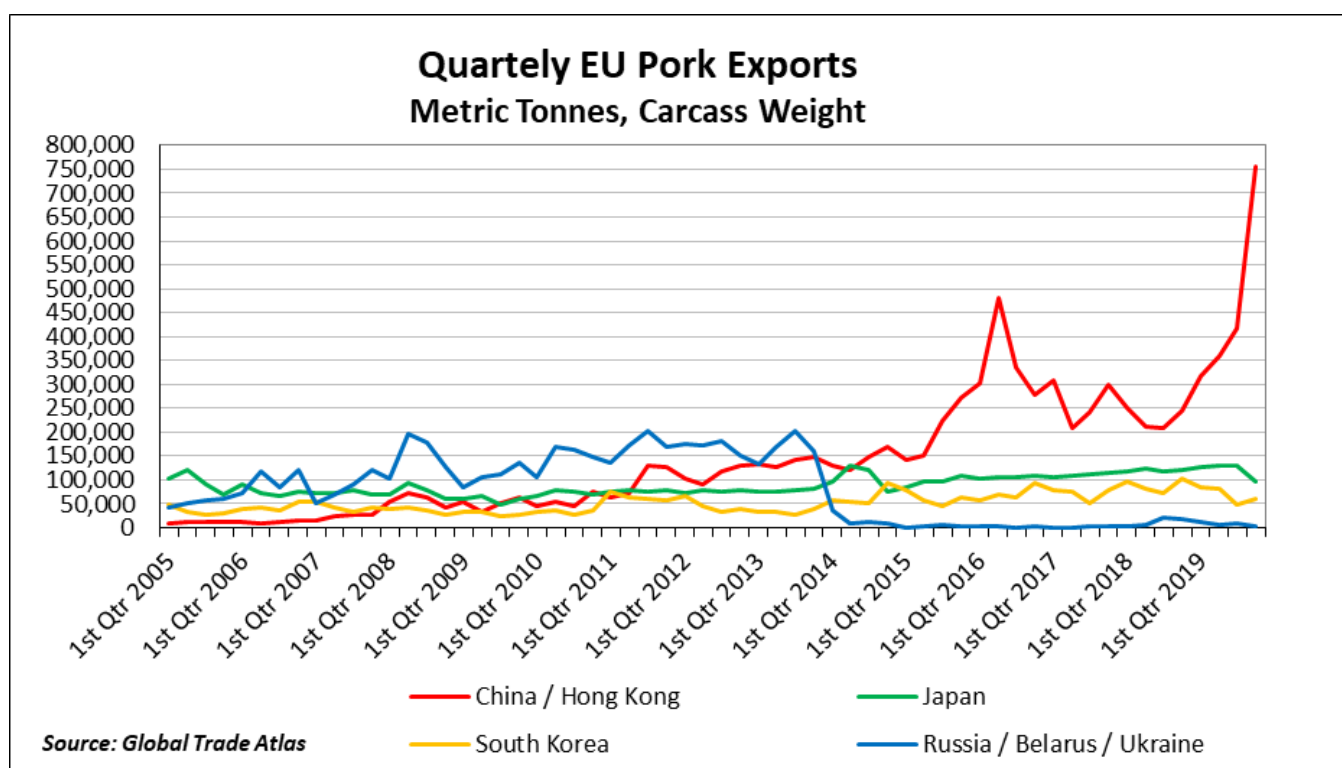
<b>Total Dom. Consumption</b>	21,163	21,258	20,345	20,400	20,365	20,268
<b>Ending Stocks</b>	0	0	0	0	0	0
<b>Total Distribution</b>	<b>24,096</b>	<b>24,096</b>	<b>23,995</b>	<b>23,951</b>	<b>24,265</b>	<b>24,168</b>

(1000 HEAD), (1000 MT CWE)

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

***The African Swine Fever (ASF) outbreaks in China boosted EU pork exports.***

Since the spread of ASF in China during the summer of 2018, EU pork exports to China have risen sharply (see graph below). In December 2019, 213,300 mt carcass weight equivalent (CWE) of pork was shipped to China, after a record shipment of 276,600 mt CWE in November. In 2019, the top suppliers to China (CWE) were: Spain (464,000 mt), Germany (393,000 mt), the United States (298,000 mt), Brazil (286,000 mt), Denmark (204,000 mt), Canada (203,000 mt), and the Netherlands (198,000 mt). In 2019, the EU accounted for almost two-thirds of the Chinese import volume. EU pork exports also rose to Japan and Australia, but declined to a wide range of Asian markets (with major trade cuts to South Korea, the Philippines, Taiwan, and Singapore). Total EU pork exports reached a record level of 3.55 mmt CWE in 2019.



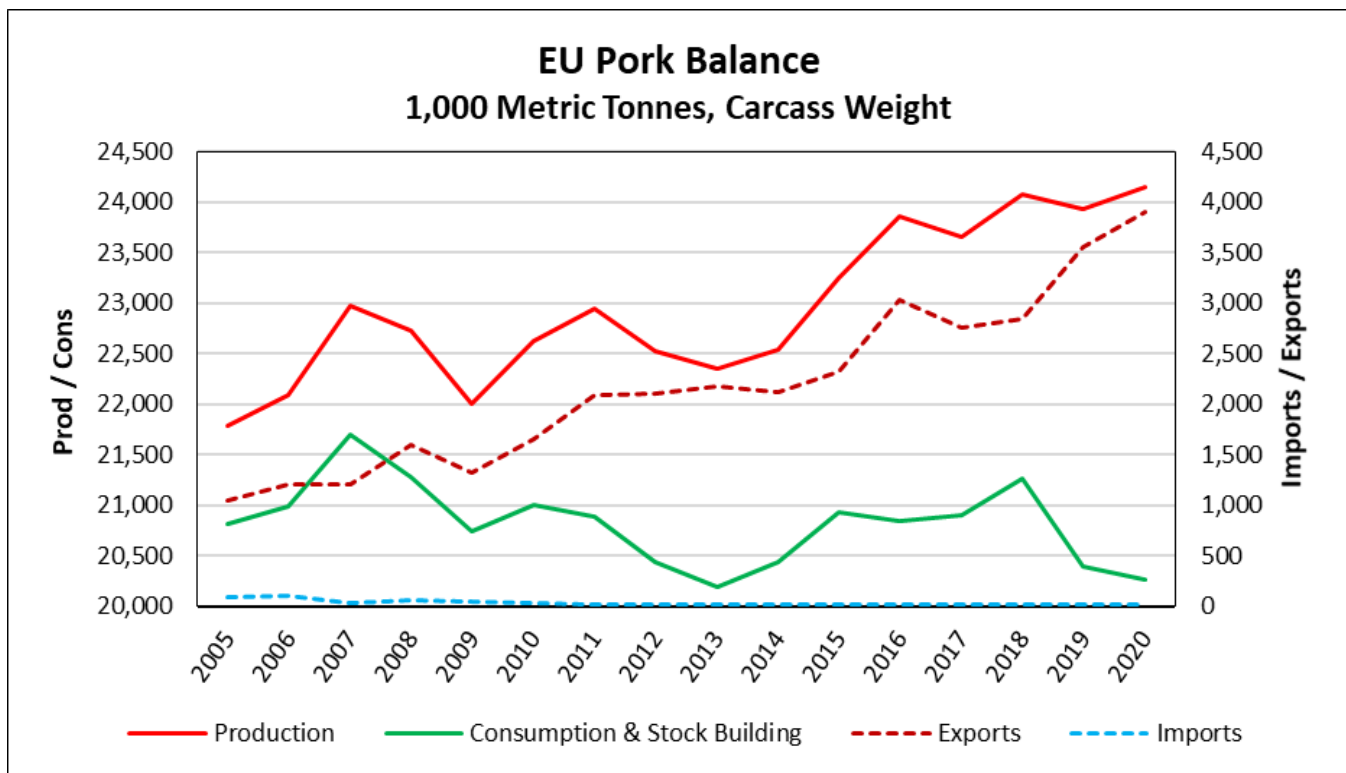
***Belgian and Polish pork exports have been adversely affected by the ASF outbreaks.***

The outbreak of ASF in the south of Belgium in the autumn of 2018 (in wild boar) has led to the loss of export markets and a significant decrease in Belgian pig prices. Additionally, Polish pork exports are limited by ASF-related import bans imposed by trading partners, most notably in Asia. Brexit could also adversely affect Polish pork exports (as of the end of 2020) as the United Kingdom was Poland’s largest pork export market in 2018 and 2019. While this could challenge some of the sector’s exports, the

Polish sector is mainly driven by domestic demand, and growing domestic consumption has led to a slight recovery of the herd size. Based on the small increase of the sow herd in 2019, Polish slaughter and pork production is forecast to increase this year.

**Rising slaughter weights will increase production to a record level in 2020.**

The export level of 2020 depends on the availability of pork in the EU market and the Chinese import demand for pork (the latter being the hardest to predict). More information about the Chinese market can be found in the [FAS GAIN reports](#) drafted by FAS/Beijing. It should be noted that a further spread of ASF westward in the EU, and subsequent closure of export markets, could also significantly affect EU pork exports. As outlined in the Swine chapter of this report, slaughter is forecast at 259.7 million head in 2020. While this is not a record level, pork production is supported by an increase in the average slaughter weight to a record of 93.0 kg. A higher weight is compensating for high piglet prices and reducing the slaughter costs per kg of pork. In addition, feed prices are relatively low and Chinese consumers like pork with a high fat content. The rate of slaughter and weight at slaughter combined result in a record high pork production of 24.15 mmt CWE in 2020.



**Increased production will be directed to pork exports to China in 2020.**

While EU pork production is expanding, domestic consumption is dwindling around 20.8 mmt CWE (see graph above). In 2018, domestic consumption was higher due to stock building, and lower in 2019 based on sales from these stocks. In addition, pork consumption declined due to high export demand and resulting high prices in 2019. Consumption is falling slightly in most countries, but significantly in Germany. With marginal stocks at the end of 2019, and limited stock-building through 2020, total domestic consumption is forecast to decline to about 20.3 mmt CWE in 2020, leaving 3.9 mmt CWE

available for exports. In 2018, 11.8 percent of domestic production was exported to third countries, in 2019 this share rose to 14.8 percent, and based on this forecast will rise to 16.1 percent in 2020. Not surprisingly will China be the main focus of the EU pork exporters. The spread of the Corona virus in China however, may disrupt the country's food service and distribution sector. However, the Dutch sector anticipates pork shipments will only be temporarily affected as pork is an essential part of the Chinese diet and stocks need to be rebuilt. Another factor is the increased competition in the Chinese market by Brazil and the United States. However, with the high level of Chinese demand, competition is not expected to play a significant role in the export demand for EU pork.

## **Policy**

### ***African Swine Fever (ASF)***

In 2019, ASF spread across the whole of Bulgaria and Romania, as veterinary authorities were unable to halt the spread in backyard pigs. Recently, ASF has spread further west and southwards into the Balkans. Greece reported its first finding in mid-February, and the disease has been spreading among wild boar in both Hungary and Slovakia. The most worrying expansion of ASF, however, is the finding in the west of Poland, only 12 kilometers away from the German border. The ASF outbreak in Belgium seems to have been contained with the last finding in live wild boar dating back from August 2019. More information about the current ASF situation in the EU and the control measures of the European Commission (EC) and EU MSs is available at:

[https://ec.europa.eu/food/animals/animal-diseases/control-measures/asf\\_en](https://ec.europa.eu/food/animals/animal-diseases/control-measures/asf_en)

### ***New Common Agricultural Policy (CAP)***

With Brexit a reality as of January 31, 2020, work on the new CAP has intensified. In December 2019, Commission President Ursula von der Leyen announced the [European Green Deal](#), the EC's ambitious €1 trillion plan to make the whole EU climate neutral by 2050. Agriculture's share in this plan will be achieved through the [Farm To Fork \(F2F\) strategy](#), which Commissioner for Health & Food Safety Stella Kyriakides is expected to unveil on March 25, 2020. The new CAP will be tailored to support the F2F implementation, with Pillar II funding the main funding source for local adaptation plans. EU farmers are on high alert as the F2F could include strict measures to reduce the use of pesticides, fertilizers and antibiotics, but also measures on issues related to farm intensification and animal welfare.

### ***Veterinary Medicine legislation***

The EU approved its new framework for veterinary medicine regulation ([Regulation \(EU\) 2019/6](#)) on December 11, 2018. The final implementation date will be January 28, 2022. This should allow time to approve all necessary implementation, including the list of antibiotics that will be exclusively preserved for human medicine and the modalities of use for permissible products. Drafts for these implementation regulations are being discussed as part of the approval procedure, but have not been

made publicly available. Consequently, it remains unclear what impact this regulation could have on imports of animal products.

### ***U.S.-EU Beef Deal Update***

In the spring of 2019, the United States and the EU concluded an updated agreement modifying the Memorandum Of Understanding (MOU) on High Quality Beef (HQB). This MOU originally resulted from the United States win in the World Trade Organization's Beef Hormone case in 2009. Under the new regime, 18,500 mt Product Weight Equivalent (PWE) of hormone-free raised beef is reserved for the United States, increasing to 35,000 mt PWE in year seven under the new agreement. Upon implementation of the new agreement, the HQB quota tier for the United States for that first quarter should be roughly 4.625 mt PWE. For more information see the FAS GAIN Report - [New High Quality Beef TRQ Allocation Starting January 1 of 2020](#), published December 23, 2019.

### ***EU Free Trade Agreements (FTAs)***

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

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

## **DISCLAIMER**

The numbers in the PSDs in this report are not official USDA numbers, but they result from a collaborative effort by FAS EU offices to consolidate PSDs from all 28 EU member states.

## **NOTE**

### **Conversion Rates:**

As a result of continuous efforts to improve data reliability, the "New Post" trade forecasts in this report reflect new conversion rates. Historical data revisions (from 2005 onward) will be published on April 9<sup>th</sup> in the PSD database (<http://www.fas.usda.gov/psdonline>).

Beef and Veal Conversion Factors		
Code	Description	Conversion Rate*
020110	Bovine carcasses and half carcasses, fresh or chilled	1.0
020120	Bovine cuts bone in, fresh or chilled	1.0
020130	Bovine cuts boneless, fresh or chilled	1.36
020210	Bovine carcasses and half carcasses, frozen	1.0
020220	Bovine cuts bone in, frozen	1.0
020230	Bovine cuts boneless, frozen	1.36
021020	Bovine meat salted, dried or smoked	1.74
160250	Bovine meat, offal nes, not livers, prepared/preserve	1.79
* Exception		
Argentina - Exports of HS 160250 are excluded.		

Pork Conversion Factors		Conversion factor (T to CWE)
HS Code	Description	
020311	Carcasses/half-carcasses, fr/ch	1.00
020312	Bone-In hams, shoulders and cuts thereof, fr/ch	1.00
020319	Other pork cuts, fr/ch	1.30
020321	Carcasses/half-carcasses, frozen	1.00
020322	Bone-In hams, shoulders and cuts thereof, frozen	1.00
020329	Other pork cuts, frozen	1.30
021011	Bone-In hams, shoulders and cuts thereof, processed	1.10
021012	Bellies (streaky) and cuts thereof, processed	1.20
021019	Other meat of swine, processed	1.16
160241	Hams and cuts thereof, prep/pres	1.30
160242	Shoulders and cuts thereof, prep/pres	1.30
160249	Other meat of swine including mixtures, prep/pres	1.30

### Technical Note

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

### Abbreviations

EC: European Commission

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

MS: An EU Member State

NMS: The thirteen new MS which joined the EU in May 2004, January 2007 and July 2012

## **Livestock Related reports from FAS Posts in Europe:**

<b>Country</b>	<b>Title</b>	<b>Date</b>
Poland	Poland Livestock and Products 2019	01/13/20
Poland	Highly Pathogenic Avian Influenza Strikes Commercial Flocks in Poland	01/03/20
EU	New High Quality Beef TRQ Allocation Starting January 1 of 2020	12/23/19
Bulgaria	African Swine Fever Update	12/12/19
Spain	An Update on the Spanish Program for Animal Health	11/20/19
EU	EU Livestock and Products Annual	11/18/19
Germany	Federal Label for Pork to Promote Animal Welfare	09/06/19
Romania	African Swine Fever Keeps Romania's Pork Industry Vigilant	08/21/19
Germany	Pork Production in Decline - Eroding Soybean Meal Demand	08/19/19
Romania	African Swine Fever Keeps Romania's Pork Industry Vigilant	08/13/19
Slovakia	The First African Swine Fever Case in Slovakia	08/07/19
Portugal	Portugal Trots towards Greater Access to the Chinese Market	07/23/19
Poland	Poland is a Bigger Food and Ag Market than Meets the Eye	07/22/19
EU	Dairy Semi-Annual	05/09/19
Romania	U.S. Food and Ag Exports to Romania Reach New Heights	04/29/19
EU	Grain and Feed Annual	04/18/19
EU	Oilseeds and Products Annual	04/02/19
Portugal	With Livestock Production on the Rebound Portugal Chases Asian Markets	03/29/19
Spain	Diversifying Export Destinations Ignite Growth in Spain's Pork and Beef	03/12/19
EU	EU Pork Exports Forecast to Rise in 2019	02/25/19
Romania	ASF Hits one of Romania's Largest Pork Production Areas	02/15/19
EU	HQ Beef Third Quarter Fills More Than Half Within One Week	02/13/19
Spain	Spain Gets Green Light to Ship Fresh Pork to China	01/25/19

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

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

***This report is the result of active collaboration with the following EU FAS colleagues in the following member states:***

Xavier Audran from FAS Paris covering France  
Ornella Bettini from FAS Rome covering Italy  
Mila Boshnakova from FAS Sofia covering Bulgaria  
Monica Dobrescu from FAS Bucharest covering Romania  
Dimosthenis Faniadis from FAS Rome covering Greece  
Bob Flach from FAS The Hague covering the Netherlands and Nordic countries  
Gellert Golya from FAS Budapest covering Hungary and Slovenia  
Steve Knight from FAS London covering the United Kingdom and Ireland

Roswitha Krautgartner from FAS Vienna covering Austria  
Jana Fisher from FAS Prague covering the Czech Republic and Slovak Republic  
Andreja Misir from FAS Zagreb covering Croatia  
Yvan Polet from FAS Brussels covering EU Policies, Belgium and Luxembourg  
Leif Rehder from FAS Berlin covering Germany  
Piotr Rucinski from FAS Warsaw covering Poland, Estonia, Latvia and Lithuania  
Carmen Valverde from FAS Madrid covering Portugal and Spain

-For additional livestock market-related information, please contact:

Bob Flach (FAS The Hague)

Phone: ++31 70 310 2303

E-mail: bob.flach@fas.usda.gov

-For additional livestock policy-related information, please contact:

Yvan Polet (FAS Brussels U.S. Mission to the EU)

Phone: ++32 2 811 4095

E-mail: yvan.polet@fas.usda.gov

**Attachments:**

No Attachments