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Report Highlights:

Despite the challenges of the coronavirus pandemic and the further spread of African Swine Fever in wild boar westwards into Germany, EU pork production and exports broke a record in 2020. In 2021, a new production record is forecast which is anticipated to lead to increased competition on the global market. With a further contraction of the cattle herd, EU beef production is anticipated to continue to fall. Consumption and imports of high-quality beef were significantly cut due to the closures of the food service sector in 2020, but are forecast to recover in 2021.

Executive Summary – *The EU swine sector is breaking records.*

EU = “EU” in this report refers to EU27+UK. In the next report, the EU Livestock and Products Annual, the Brexit will be taken in account and the “EU” will refer to the EU27 without the UK.

Cattle & Beef – Despite falling beef production, the EU became a net exporter in 2020.

In 2021, the EU cattle herd is forecast to further contract (except for the dairy herd in Ireland and beef herd in Central Europe). The EU dairy herd is shrinking because of the increased efficiency of the sector, while the EU beef herd is shrinking due to structural unprofitability. With the reduction in the cattle herd, beef production is also forecast to fall. Moreover, due to the closed-nature of the market, beef consumption will inevitably follow. In the spring of 2020, slaughter was disrupted due to coronavirus (COVID-19) outbreaks and the associated logistical and slaughter restrictions but recovered during the second half of the year. In 2020, EU beef imports and exports trended in an opposite direction. While imports of, in particular, high quality beef were cut due to the lack of demand, beef exports rose, which led the EU to become a net beef exporter for the first time since 2011. In 2021, beef imports are forecast to recover anticipating a re-opening of the food service sector. Additionally, beef exports are projected to follow their gradual trend of export market expansion.

Swine & Pork – After a record last year, EU pork production will further rise this year.

Despite the COVID-19 crisis, EU pork production and exports broke records in 2020. The EU swine sector started 2020 with a larger sow herd than the previous year, anticipating strong export demand -- in particular, from China. However, a series of challenging developments had to be overcome. For example, in Northwestern Europe, the sector experienced slaughter restrictions due to COVID-19 outbreaks. However, the surplus of slaughter capacity and the close proximity of the plants helped the sector overcome the disruptions and accelerate slaughter during the last quarter of the calendar year. The detection of African Swine Fever in wild boar in Germany closed off German exports from the world market. The Netherlands and, in particular, Spain were able to take over the German exports to China and relieve the EU market from an oversupply. With the continuous shake-out of the least efficient farmers, productivity is forecast to further increase and serve as the foundation for a new pork production record in 2021. As this new record volume will face increased competition on the world market, the EU sector is expected to continue to work to diversify its export markets.

Cattle

Animal Numbers, Cattle	2019		2020		2021	
Market Year Begins	Jan 2019		Jan 2020		Jan 2021	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks	87,450	87,450	86,597	86,620	85,720	85,545
Dairy Cows Beg. Stocks	22,908	22,908	22,627	22,633	22,525	22,395
Beef Cows Beg. Stocks	12,222	12,222	12,211	12,218	12,110	12,251
Production (Calf Crop)	28,580	28,580	28,250	28,000	28,120	28,000
Total Imports	1	1	0	0	0	0
Total Supply	116,031	116,031	114,847	114,620	113,840	113,545
Total Exports	1,019	1,019	960	986	1,000	1,000
Cow Slaughter	11,763	11,763	11,750	11,650	11,700	11,600
Calf Slaughter	6,376	6,376	6,150	6,100	6,100	6,100
Other Slaughter	8,527	8,527	8,450	8,470	8,400	8,400
Total Slaughter	26,666	26,666	26,350	26,220	26,200	26,100
Loss and Residual	1,749	1,726	1,817	1,869	1,745	1,745
Ending Inventories	86,597	86,620	85,720	85,545	84,895	84,700
Total Distribution	116,031	116,031	114,847	114,620	113,840	113,545

(1,000 HEAD)

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

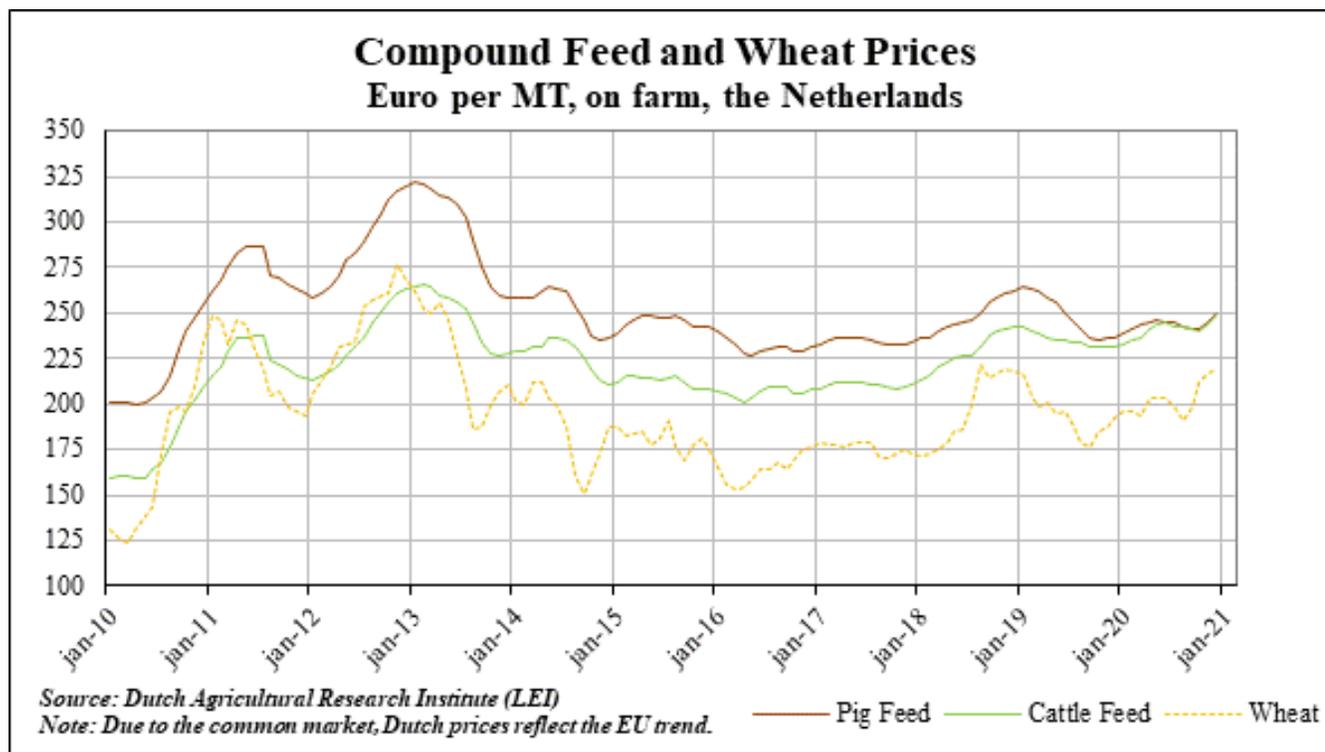
The EU dairy herd is shrinking based on increased efficiency.

The 2019 cattle and beef balance is adjusted based on updated Eurostat census statistics of December 2019 (+23,000 head). The size of the EU herd has been on the decline since 2017, predominantly because of the increased efficiency of the dairy herd. EU milk deliveries continuously rose, by an average of roughly 1.6 percent per year since 2010. Since 2010, in absolute terms, the dairy cow herd shrunk most significantly in Poland (-404,000 head), France (-284,000 head), and Germany (-260,000 head), while the dairy cow herd in Ireland increased by 449,000 head. The dairy herd also expanded in Italy and the Netherlands but peaked in 2016. For more information see the [FAS EU Dairy and Products Annual of 2020](#).

The EU beef cattle herd is shrinking due to structural unprofitability.

Since 2010, the size of EU beef cow herd has remained relatively stable compared to the dairy cow herd -- down 1.0 percent over the whole period for beef cattle compared to 3.9 percent for dairy cattle. The steady decline of the EU beef herd, however, is not based on improved productivity of the sector. The EU beef cattle herd is shrinking due to structural unprofitability, further exacerbated by high feed prices over the past three years (see graph below). In 2020, the herd expanded in several Central European countries -- Poland, Hungary, Bulgaria, the Czech Republic, Slovakia, and the Baltic States -- based on financial support, as well as on the Iberian Peninsula -- Spain and Portugal -- because of export demand for animals. Exports have become one of the main drivers for holding beef cows in the EU, and an increasing share of the herd is exported to Northern African countries and the Middle East. In 2020, however, the EU cattle trade, within the EU and with third countries, declined due to lack of demand because of the COVID-19 pandemic. Exceptions were Spanish cattle exports to Libya and Turkey, Portuguese cattle exports to Israel, and Hungarian cattle exports to Kosovo. Reportedly competitive

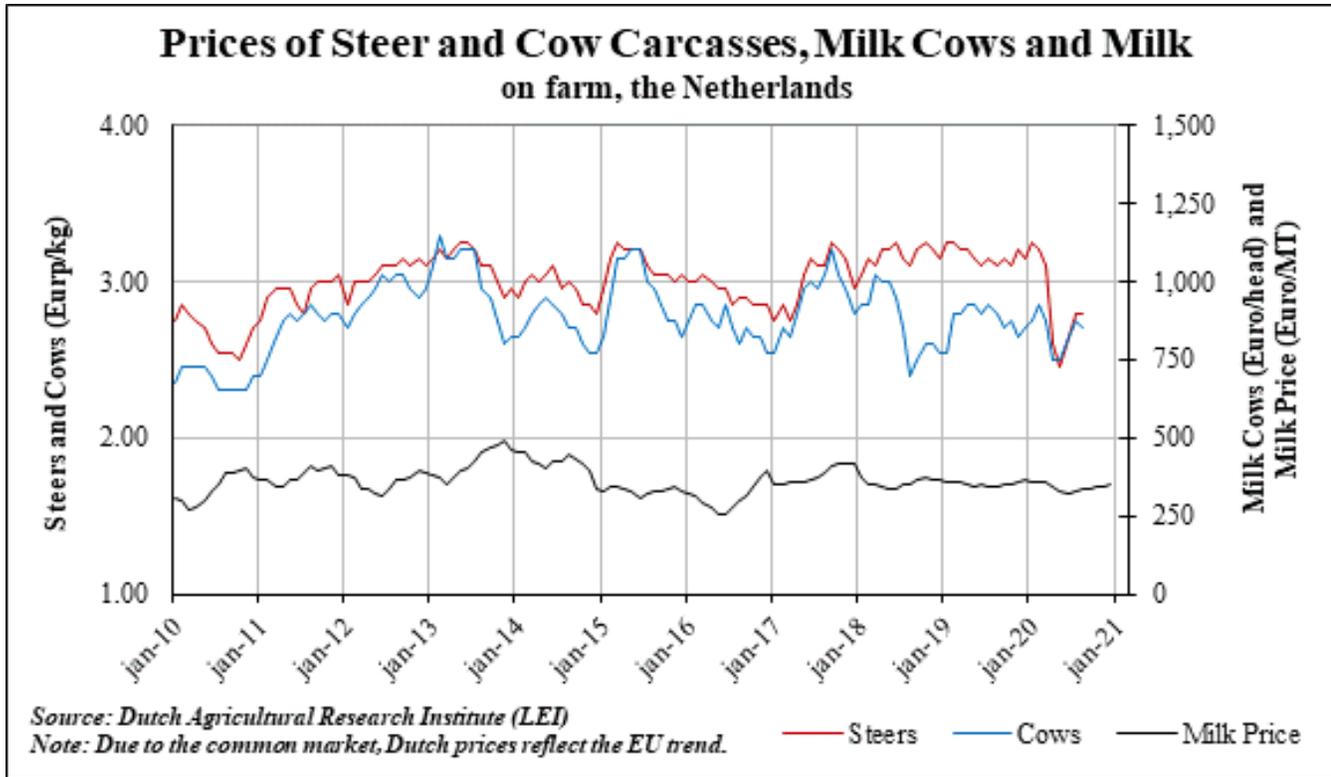
prices for live cattle for slaughter contributed to the rise in those exports. In 2021, EU cattle exports are forecast to recover as the market demand is anticipated to return to pre-COVID-19 levels.



Cattle slaughter recovered during the second half of 2020.

The COVID-19 crisis in 2020 only had a minor effect on the dairy sector compared to other livestock sectors. During the lockdowns in the spring of 2020, the average EU milk price declined (but did so in line with a seasonal pattern). During the second half of 2020, the price recovered to roughly the same level as reported at the end of 2018 and 2019. A similar trend was reported for the price paid for dairy cows (see graph below). The price paid for beef cattle, however, plummeted in March 2020 because of the global pandemic, and didn't fully recover. This is because the demand for beef was negatively affected by the prolonged closure of the food service sector. Slaughter of calves and young cattle was most affected, and a portion were slaughtered as adult cattle.

The most significant cuts were reported in the most prominent veal producing countries, namely the Netherlands, France, Spain, Italy, and Belgium. Looking at total slaughter, restrictions on the transport of animals and enforcement of new slaughter protocols disrupted and slowed slaughter during the first five months of 2020 (-4.91%) but recovered in June to average levels. As fodder prices are relatively high, farmers couldn't hold onto their cattle and sold their animals for slaughter. Recent Eurostat statistics indicate that full-year slaughter was reduced by 1.67 percent, and the herd declined by 1.24 percent. The calf/cow ratio of 80.34 percent and a loss number of 6.68 percent, are somewhat comparable with levels reported in 2018, a year with a dry summer and high feed prices.



The cattle herd is forecast to shrink at a steady pace of nearly one percent.

The developments in the industry this year will depend on the course of the COVID-19 spread and related economic crises. Major cuts to the herd are forecast in almost all EU Member States, but most pronounced in France and Germany. Low cattle prices, coupled with limited structural improvement of the profit margins, are expected to encourage farmers to either stop farming or reduce their breeding herd. As previously noted, exceptions are the dairy herd in Ireland and the beef herd in Central Europe. However, expansion of the beef cow herd in Central Europe -- Poland, Bulgaria, and Hungary -- could possibly outweigh the reductions in Western Europe -- France, Germany, and Ireland. With recent EU policy proposals (e.g., the Green Deal, Farm to Fork, and Biodiversity Strategies), any chance for growth appears unrealistic in the near-term (for more information see the Policy section of this report). Assuming a gradual tamping out of COVID-19 over the course of this year, the 2021 calf/cow ratio is forecast at 80.8 percent and the loss ratio at 6.2 percent. Under these conditions, the cattle herd is forecast to shrink at a continued pace of nearly one percent. Slaughter is forecast to decline by 0.46 percent, a minor reduction compared to the cuts in 2019 (-2.51%) and 2020 (-1.67%).

Beef

Meat, Beef and Veal	2019		2020		2021	
Market Year Begins	Jan 2019		Jan 2020		Jan 2021	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	26,666	26,666	26,350	26,220	26,200	26,100
Beginning Stocks	0	0	0	0	0	0
Production	7,878	7,878	7,800	7,810	7,730	7,730
Total Imports	341	341	305	285	325	325
Total Supply	8,219	8,219	8,105	8,095	8,055	8,055
Total Exports	330	330	350	350	360	360
Human Dom. Cons.	7,889	7,889	7,755	7,745	7,695	7,695
Other Use, Losses	0	0	0	0	0	0
Total Dom. Cons	7,889	7,889	7,755	7,745	7,695	7,695
Ending Stocks	0	0	0	0	0	0
Total Distribution	8,219	8,219	8,105	8,095	8,055	8,055

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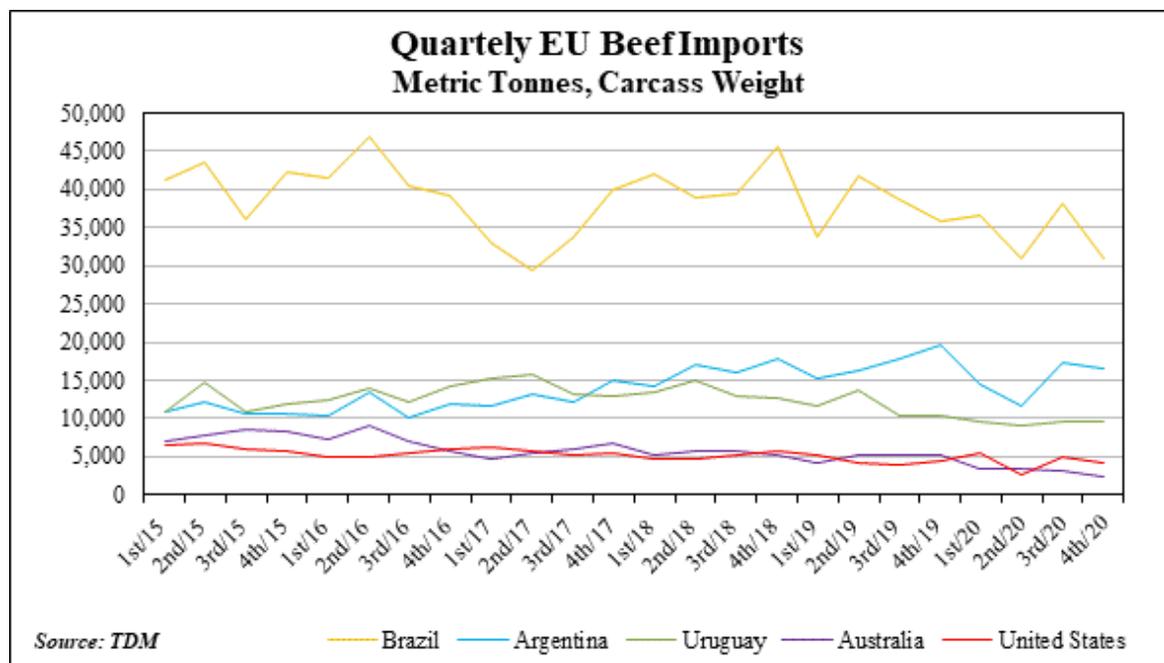
Not official USDA data. Source: Eurostat and FAS Offices. Includes backyard slaughter.

EU beef production is trending down.

While 2020 slaughter was lower than previously forecast in the [EU Livestock and Products Annual](#), 2020 EU beef production is adjusted to a higher annual volume than previously anticipated. This can be explained by higher slaughter weights than previously anticipated which were caused by the increased slaughter of adult cattle, and a slowing of the slaughter of young animals, during the second half of 2020. Despite higher weights, EU beef production declined in 2020 compared to 2019. As discussed in the Cattle section of this report, slaughter was temporarily disrupted by the pandemic lockdowns. However, this is not the main reason for the overall expected decline in beef production in 2020. As noted, the decline is attributable to the downward trend of the size of the herd.

Imports of high-quality beef were significantly cut in 2020.

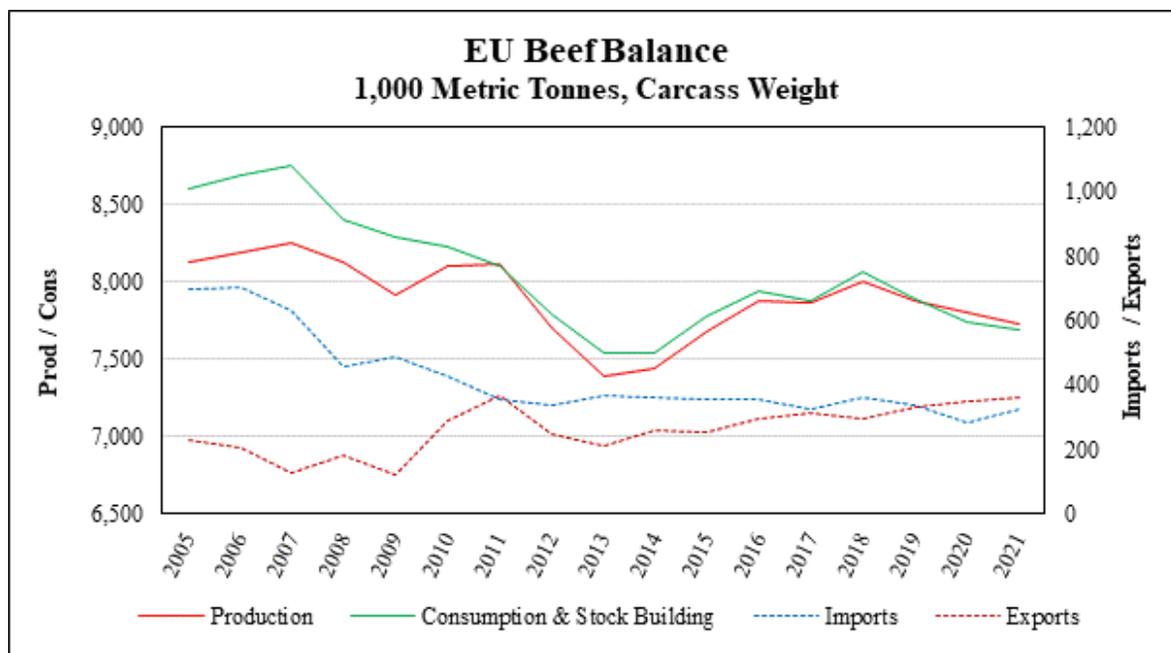
While beef production declined in 2020, EU beef exports increased. Exports rose most significantly to Canada, the United States, Hong Kong, Japan, Switzerland, and Norway. These markets generally don't import the lower-priced cuts from the EU, which demonstrates the EU beef and veal sector is building export markets and increasingly producing for third countries markets. With shrinking demand in the EU, the sector is looking for alternative markets, particularly since the closure of the Russian market in 2014. As expected, EU beef imports declined in 2020 because of the pandemic lockdowns and closure of the food service sector. EU imports fell from the top-five suppliers -- Brazil, Argentina, Uruguay, Australia, and the United States (see graph below). The suppressed demand for high value beef is also reflected by lower import volumes, particularly under the [High Quality Beef \(HQB\) quota](#) and [Hilton quotas](#). Consumption of high-quality beef cuts fell the most when compared to all meat products.



Both beef production and consumption are forecast to fall further in 2021.

On May 4, 2020, the European Commission (EC) opened a Private Storage Aid (PSA) program for beef.¹ However, as the utilization was limited, the program was terminated on July 15, 2020. Looking at the total EU beef balance, the trend of imports (declining) and exports (increasing) made the EU a net beef exporter for the first time since 2011 (see the EU beef balance graph below). Based on the expected reduced rate of slaughter, beef production is forecast to further decline in 2021, reinforced by a lower carcass weight (as relatively more calves and young cattle are anticipated to be slaughtered). With production declining, given the closed nature of the EU beef market, total consumption will also inevitably fall in 2021. However, imports of high-quality beef are forecast to recover in 2021, assuming a gradual tamping out of COVID-19 and the re-opening of the EU-wide food service sector over the course of the year.

¹ This program provides a subsidy for the storage of beef by the private sector.



Swine

Animal Numbers, Swine	2019		2020		2021	
	Jan 2019		Jan 2020		Jan 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Beginning Stocks	148,167	148,167	147,848	147,887	147,500	151,110
Sow Beginning Stocks	11,784	11,784	11,815	11,818	11,650	11,768
Production (Pig Crop)	264,500	264,500	263,000	267,500	263,500	268,000
Total Imports	3	3	4	3	4	3
Total Supply	412,670	412,670	410,852	415,390	411,004	419,113
Total Exports	369	369	320	361	320	350
Sow Slaughter	3,812	3,809	4,100	3,909	3,950	3,850
Other Slaughter	254,834	254,837	252,400	254,091	253,250	259,650
Total Slaughter	258,646	258,646	256,500	258,000	257,200	263,500
Loss and Residual	5,807	5,768	6,532	5,919	5,984	5,863
Ending Inventories	147,848	147,887	147,500	151,110	147,500	149,400
Total Distribution	412,670	412,670	410,852	415,390	411,004	419,113

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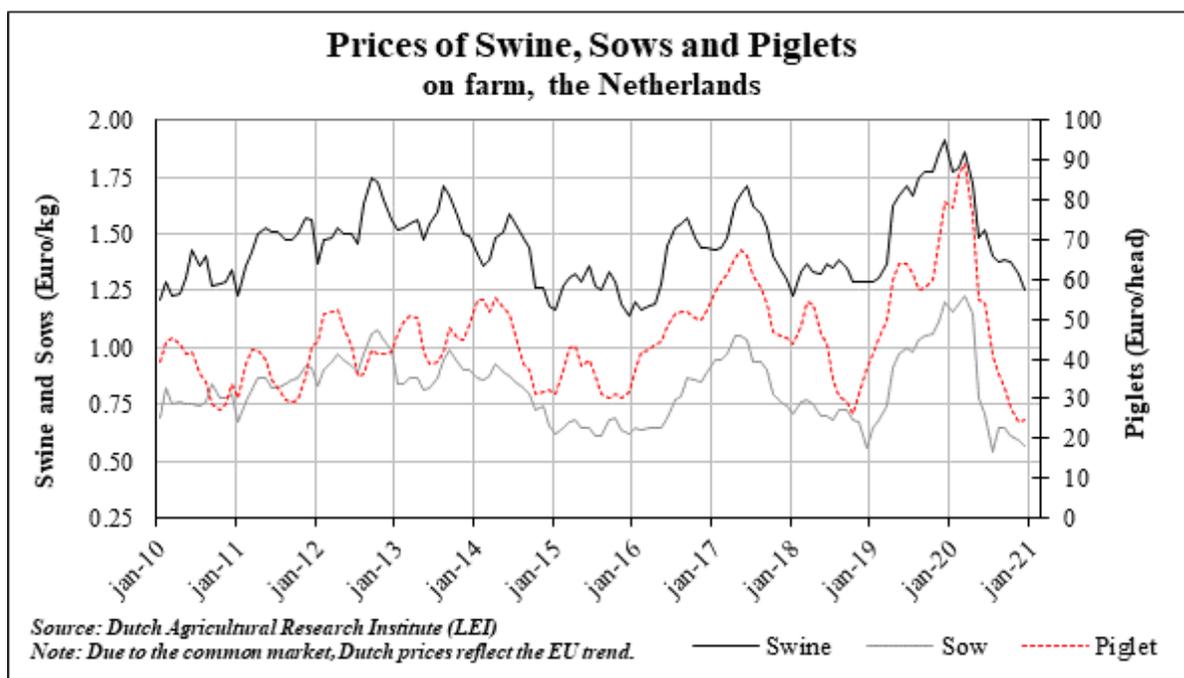
Not official USDA data. Source: Eurostat and FAS Offices. Includes backyard slaughter.

Despite negative market factors, the EU produced a near record piglet crop in 2020.

The swine and pork balance of 2019 is revised based on updated Eurostat census statistics (+39,000 head counted in December 2019). As previously reported in the [EU Livestock and Products Annual](#), the EU swine sector started 2020 with a larger sow herd than the previous year, anticipating strong export demand, in particular from China. However, a series of challenging developments had to be overcome. In the beginning of 2020, pork exports were hampered by the COVID-19 outbreak in China, followed by

the food service closures in Europe in the spring, the COVID-19 outbreaks in Dutch, Danish, German, and French slaughterhouses in the spring and the summer, and finally the African Swine Fever (ASF) outbreak in wild boars in Germany in the late summer and autumn. For more information see the country reports listed at the end of this report.

These production and trade disrupting factors slashed carcass prices and fattening margins. As a result, piglet prices plummeted from their highest level to nearly their lowest price level reported in twenty years (see graph below). Even though not as drastic, similar circumstances occurred in 2015 and 2018 when a near record piglet crop faced a sudden drop in demand, from Russia and China, respectively. Under normal market conditions, without the COVID-19 pandemic, the EU sector would probably have produced a record piglet crop (NOTE: in 2002 the crop was close to 270 million). However, as in 2018, sow slaughter increased with a negative effect on the annual sow fertility rate (piglet/sow ratio). Despite the disruptions in slaughter, massive culling has not been reported by the veterinary authorities in the EU.



After disruptions due to COVID-19, slaughter accelerated at the end of 2020.

The 2020 crop is estimated at 267.5 million head, the largest piglet production volume since 2002. The piglets were fattened with the hope that profit margins would recover, supported by low piglets prices and modest prices for feed. The hogs were slaughtered with some disruptions in the Netherlands,² Denmark, Germany,³ and France⁴ in the summer of 2020. The disruptions were caused by temporary closures of individual slaughter plants following COVID-19 infections among the workforce, and physical distancing requirements related to prevention measures. Because this part of Europe has an oversupply of slaughter capacity, and the plants are in relatively close proximity to one another, hog

² See GAIN Report: [Meat Producers Told to Implement Strict COVID-19 Control Measures](#)

³ See GAIN Report: [Slaughter companies under pressure after COVID-19 infections of workers](#)

⁴ See GAIN Report: [COVID-19 clusters identified in French slaughterhouse workers](#)

supplies were diverted to other plants to sustain production levels. At the end of 2020, slaughter accelerated as slaughter operations and logistics returned to normal. In Denmark, and to a lesser extent in Germany, however, a backlog in slaughter is still reported. This lag in slaughter is also expressed in the high inventories held at the end of 2020.

In 2020, Spanish slaughter surpassed German slaughter.

Of the nine largest pork producing countries in the EU (slaughtering ten million head per year or more), 2020 slaughter declined in Germany (-1.91 million head), Italy (-917,000 head), Poland (-471,000 head), and France (-248,000 head). In Germany and France, the COVID-19 pandemic worsened the crisis in the countries' swine sectors. In particular, the German sector suffered from mounting environmental and animal welfare requirements combined with a decline in domestic consumption. In Poland,⁵ the African Swine Fever (ASF) outbreaks were a factor in its reduced slaughter. Following Germany, Italy took the biggest hit. Total slaughter declined by eight percent because of the reduced pork demand from the food service sector.

Meanwhile, slaughter increased in Spain⁶ (3.77 million head), Denmark (440,000 head), and Belgium (431,000 head). Spain overcame COVID-19 disruptions and slaughterhouses worked at normal capacity to satisfy domestic and export demand. This contributed to continued growth of Spanish swine and pork production. In 2020, Spain continued with a high level of hog slaughter and strong exports to China, and filled the gap left by German suppliers due to African Swine Fever (ASF). As a result, Spain surpassed Germany as the leading EU Member State for slaughter and almost became China's leading EU pork supplier. The elevated slaughter in Denmark, Belgium, and to a lesser extent the Netherlands, was partly caused by the disruptions to slaughter in Germany (as more hogs were slaughtered domestically). Total 2020 slaughter, including backyard slaughter, is estimated at 258 million head, the lowest level since 2014.

Based on increased productivity, slaughter is forecast to increase to a record.

As a result of the COVID-19 and ASF outbreaks, the EU sector will start with a smaller sow herd in 2021. Beginning sow stocks are based on the latest Eurostat census of December 2020. Major cuts in the sow herd were reported in Germany (-121,000 head) and the Netherlands (-96,000 head). Reductions in other EU Member States were minor. The German swine sector was already in crisis before 2020, but with the COVID-19 and ASF outbreaks in the wild boar population, the crisis has been worsened. An inventory reduction has taken place in the Netherlands as the Dutch government has implemented a buy-out program⁷ to help curb agricultural nitrogen emissions. An expansion of the sow herd is reported in France (64,000 head), Poland (58,000 head), Denmark (29,000 head), and Bulgaria (15,000 head). The expansion of the French and Danish sow herd is partly due to the backlog in slaughter.

In Poland, declining poultry meat production (due to avian influenza outbreaks) played an important role in the expansion of the swine sector and associated breeding herd. The size of the December 2020 Spanish sow herd (2.58 million head) is almost unchanged from twelve months earlier. In 2021, Spanish pork industry observers expect a slight expansion in Spain's hog production driven by exports, albeit at a much-tempered rate. The negative market conditions of 2020 are still hanging over the

⁵ See GAIN Report - [Polish ASF Cases Spike in Summer 2020](#)

⁶ See GAIN Report - [Spanish Livestock and Poultry Sector Update](#)

⁷ See GAIN Report - [Dutch Parliament Approves Law to Reduce Nitrogen Emissions](#)

market, while feed prices are forecast to increase, and export demand is anticipated to level off. An evident effect of the COVID-19 crisis and the continued spread of ASF is that the sector will shake-out the least efficient farmers, and further consolidation will occur across the industry in favor of larger and more efficient farms. As a result, even with the shrinking sow herd, the pig crop is forecast to increase to 268 million head this year. Based on the higher inventories, partly caused by the backlog of slaughter and higher piglet production, 2021 slaughter is forecast to reach 263.5 million head -- a record. Moreover, inventories are anticipated to stabilize just below 150 million head.

Pork

Meat, Swine	2019		2020		2021	
	Jan 2019		Jan 2020		Jan 2021	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	258,646	258,646	256,500	258,000	257,200	263,500
Beginning Stocks	0	0	0	0	0	0
Production	23,956	23,956	24,000	24,150	24,040	24,600
Total Imports	16	17	18	17	20	20
Total Supply	23,972	23,973	24,018	24,167	24,060	24,620
Total Exports	3,548	3,548	4,350	4,546	4,100	4,150
Human Dom. Cons.	20,424	20,425	19,668	19,621	19,960	20,470
Other Use, Losses	0	0	0	0	0	0
Total Dom. Cons.	20,424	20,425	19,668	19,621	19,960	20,470
Ending Stocks	0	0	0	0	0	0
Total Distribution	23,972	23,973	24,018	24,167	24,060	24,620

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

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

Due to increased slaughter weights, the EU produced a record pork volume in 2020.

Slaughter weights are a key element in forecasting pork production. As projected in the [EU Livestock and Products Annual](#), EU pork production increased in 2020, despite less animals being slaughtered. Over the past twenty years, the average EU slaughter weight increased 0.4 percent per year, equivalent to roughly 0.36 kg. One of the reasons for this trend is that a higher weight is reducing the slaughter costs per kg of pork. With the distortion and delay in slaughter, weights increased by more than one percent in 2020, equivalent to nearly one kg. Despite all the negative market factors, the EU produced a record volume of pork (24.15 MMT), surpassing the record of 2018 (24.08 MMT).

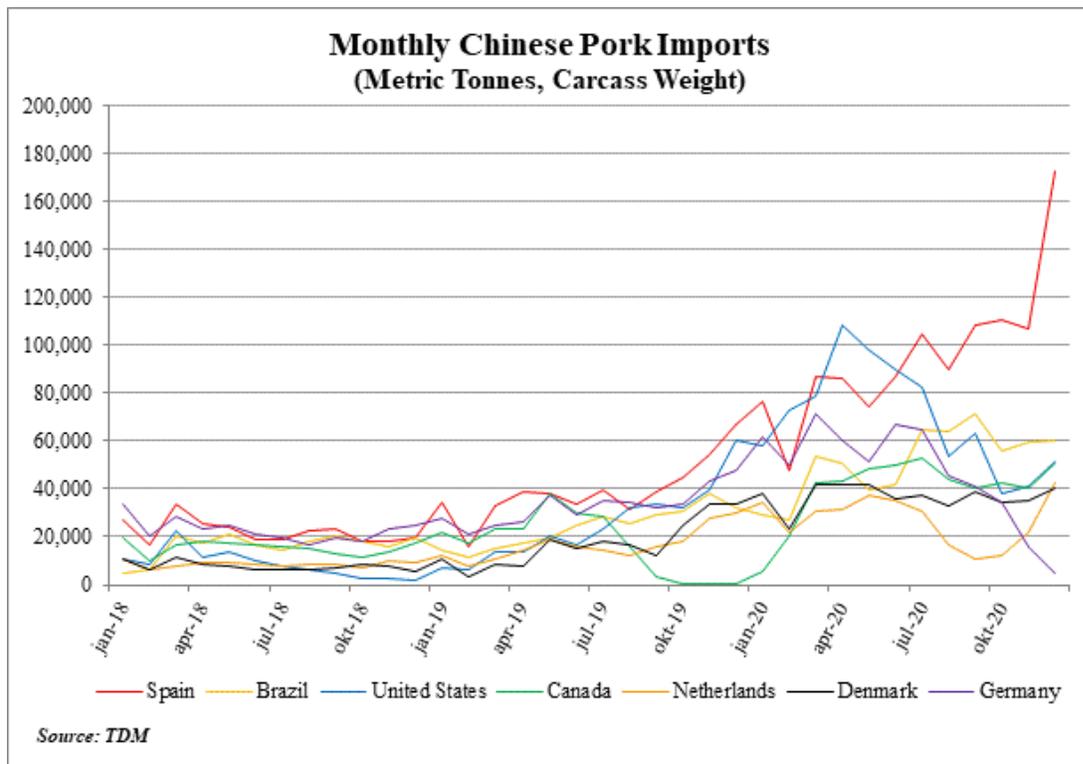
Spanish, Dutch, and Danish pork exports to China filled the gap left by the German sector.

At the beginning of 2020, most market analysts anticipated a slowdown in Chinese pork imports during the second half of 2020, as the country was expected to increase its domestic production. However, the opposite happened, and Chinese pork imports accelerated during the second half of the year. The EU and Brazil, predominantly, took advantage of this boost in demand (see graph below). While China banned imports from Germany⁸ and Belgium⁹ due to ASF outbreaks in their wild boar populations, other

⁸ See GAIN Report - [African Swine Fever- An Unwelcome Arrival in Germany](#)

⁹ See GAIN Report - [Belgian Regains African Swine Fever-Free Status](#)

EU Member States geared up their exports. Spain showed the largest growth in exports,¹⁰ but to a lesser extent, the Netherlands and Denmark also increased exports. Note that the Danish, Dutch and German sectors are somewhat integrated. They saw this Chinese ASF ban coming for years and were prepared to swap each other's markets relatively quickly. Exports from other, minor producers, also increased to China, including Ireland, Austria, Portugal, and Finland -- all which exported between the 5,000 and 10,000 MT per month during the last quarter of 2020. For more information see the GAIN report - [EU Pork Exports Reached Record Levels in 2020](#).



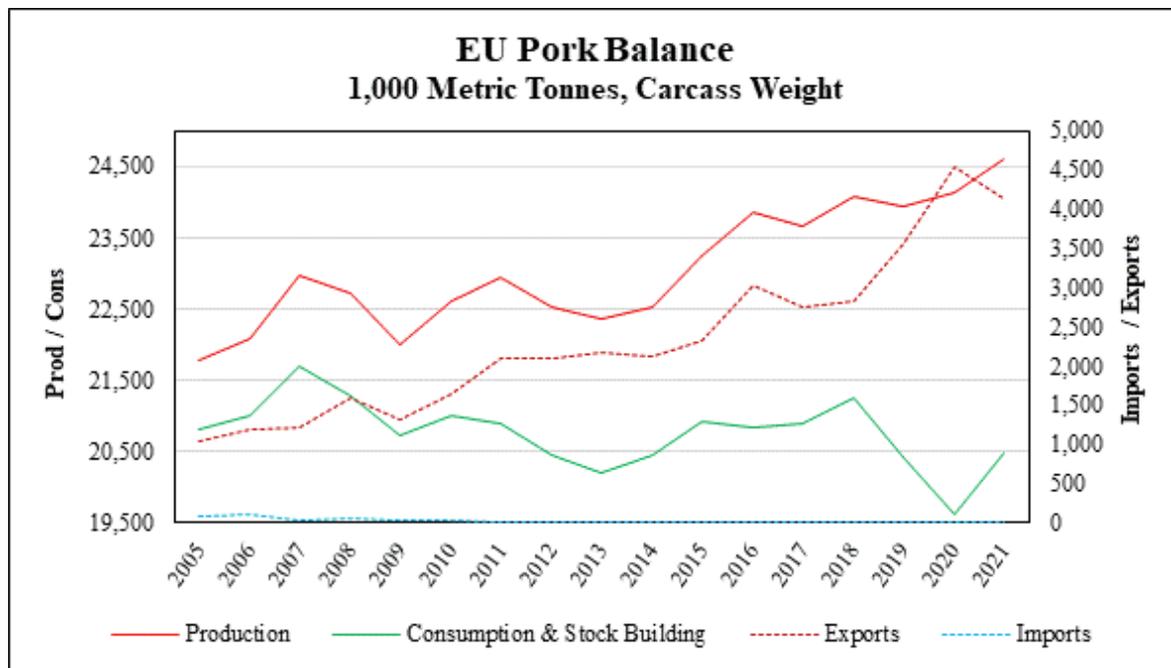
In 2021, production will reach a new record, which cannot be absorbed by the EU market.

Last year, domestic use declined nearly four percent, despite most pork being sold through retail channels and consumed at home. This drop in use can partly be explained by withdrawal of pork for exports from stocks built during 2015 – 2018 (which inflated the domestic use number during this period). During the summer, on top of a decline in demand, pork consumption was further affected by the cancelation of gatherings and travel restrictions for tourists to Southern Europe. Beef and pork are increasingly being replaced by poultry meat due its versatility as ingredient, perceived health benefits, and price competitiveness. With a forecasted record slaughter rate and slightly lower weights anticipated, pork production is expected to reach a new record volume of 24.6 MMT in 2021. This volume, however, cannot be absorbed by the domestic market, estimated at a maximum of 20.5 MMT. This leaves roughly 4.15 MMT for exports to third countries (see the graph of the EU pork balance below).

¹⁰ On April 8, 2020, China approved eight new Spanish establishments to export to China, increasing the total number to fifty-seven. For more information see the GAIN report - [Spanish Livestock and Poultry Sector Update](#).

In 2021, the EU pork sector will attempt to diversify its export markets.

Since 2013, the EU has been the biggest pork exporter in the world, and the gap with its main competitors (the United States, Canada, and Brazil) is widening. For 2021, pork exports to China¹¹ are forecast to level off. A challenge for EU exporters is the increased competition from Brazil and the United States, which is exacerbated by the stronger Euro relative to the U.S. dollar and Brazilian Real. Under these conditions, with more pork available and China buying less from the EU, the sector will have to look at alternative markets, most likely those which bought less this year: Japan, South Korea, and the Philippines. This also fits into the strategy of the EU sector -- controlled expansion, increased focus on environmental and economical sustainability, and diversification of export markets. Another potential challenge for EU-27 exports is Brexit, which, at a minimum, is expected to bring additional administrative and inspection costs for shipments to the United Kingdom as new controls are phased in as of April, and again in July.



Policy

Common Agricultural Policy (CAP)

The CAP proposal

On June 1, 2018, the European Commission (EC) published its new [CAP proposal](#) for the 2021 – 2027 period, but it was evident from the start that, given the EU elections in May 2019, it would be up to the incoming institutions to finalize the agreement. Given the level of ambition in the strategies that the EC wants to implement through the new CAP a two-year transition period, up to January 2023, has been agreed upon.

¹¹ See GAIN Report - [China: Livestock and Products Annual](#)

The Green Deal

On December 11, 2019, the EC announced the [European Green Deal](#). The EC sees the Green Deal and accompanying strategies as a way of achieving the [Paris Climate Agreement](#) and [UN Sustainable Development Goal](#) commitments. No legislative proposals to implement the Green Deal have been made to the Council and the European Parliament (EP) yet – both of which will need to approve them through joint compromises. Both legislative bodies have already requested that impact assessments be made available before legislative initiatives are proposed. Trilogue negotiations between the Council, EP and EC on the programs for the new CAP are targeted to be finalized before the summer of 2021. Because the EU livestock sector is specifically targeted as critical to reach the Green House Gas (GHG) emission reductions as part of the new strategies, the EC commissioned an external [Study on the Future of EU Livestock](#) that was published in October 2020.

The Farm to Fork (F2F) Strategy and Biodiversity Strategy

On May 20, 2020, the EC announced both the [Farm to Fork \(F2F\) Strategy](#) and the [Biodiversity Strategy](#) for 2030 as roadmaps for enhancing food and agricultural sustainability by 2030 under the Green Deal. The strategies aim to fundamentally change the way agriculture operates in the EU. The goal is for Member States to tailor their new CAP programs through a [system](#) of conditions (“conditionalities”) to be met by farmers receiving area- and animal-based CAP payments. The strategy targets a fifty percent reduction in pesticide use, a twenty percent reduction in fertilizer use, a fifty percent reduction in nutrient leakage in groundwater, twenty-five percent of agricultural land being used for organic farming, ten percent of land being set aside for environmental areas, and an increase in nature conservation areas by thirty percent. Additionally, increased animal welfare goals and use limitations for veterinary drugs, particularly antimicrobials, are planned.

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

On July 20, 2020 the EU Council approved a [€1.8 billion support package](#), which is a combination of the new multiannual financial framework 2021-2027 (MFF) proposal (€1.07 trillion), with a specific recovery effort, the Next Generation EU (NGUE) proposal (€750 billion). The package aims to rebuild the EU after the COVID-19 pandemic and support investment in green and digital transitions. The new MFF proposal received final approval on December 17, 2020 and includes €356.4 billion for the new CAP and Fisheries policy, of which €270 billion for direct payments and market measures (together Pillar I) and €85.4 billion for rural development (Pillar II) for the 2021-2027 period. For more information about the recent proposals see the GAIN report - [Green Deal Strategies for the EU Agri-Food Sector Present a Politically Ambitious Policy Roadmap](#).

Subsidies Related to the COVID-19 Crisis

In response to the market distortion caused by the COVID-19 pandemic, the EU meat sector requested the EC to implement market support measures. On May 4, 2020, the EC published [private storage \(PSA\) measures](#) for beef, sheep, and goat meat. Because of limited interest in the program, the EC ended the PSA schemes on July 15, 2020. Most EU Member States provide generic aid measures (including flexible loans or delayed tax payment programs) to their entirety of their economy. Nevertheless, some Member States provided country-specific support programs to help their livestock sectors weather the pandemic. The full list of state aid can be found online at:

https://ec.europa.eu/competition/elojade/isef/index.cfm?fuseaction=dsp_sa_by_date.

African Swine Fever (ASF) Situation Update

After its initial introduction in Poland and Lithuania in 2014, ASF continued its spread across Central European Member States. Hungary, Romania, and Slovakia have seen new outbreaks, mostly in wild boar and backyard hogs. Backyard farming plays a role in the spread of ASF. In Bulgaria, the ASF eradication plan includes new regulations about backyard farming which will limit the number of animals at these farms and restrict slaughter.

On September 10, 2020, Germany's Federal Minister of Food and Agriculture confirmed an outbreak of ASF in wild boar found in Eastern Germany near the German-Polish border. For more information see GAIN report - [African Swine Fever- An Unwelcome Arrival in Germany](#). More information about the current ASF situation in the EU is available in the [latest map](#) and online at:

https://ec.europa.eu/food/animals/animal-diseases/control-measures/asf_en

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). Under the new regime, 18,500 MT Product Weight (PW) of hormone-free raised beef is reserved for the United States, increasing to 35,000 MT PW in year seven under the new agreement.

For January-March 2020, which was the first quarter of the HQB quota, ninety percent of the 4,624 MT quarterly allocation was imported. However, because most U.S. beef imports are destined for the EU restaurant sector, which shut down because of the COVID-19 pandemic, U.S. beef exports into the HQB in the April-June quarter totaled only 1,873 MT, after which it only partly recovered for the remainder of 2020. For more information see GAIN Report - [New High Quality Beef TRQ Allocation Starting January 1 of 2020](#).

Brexit Update

The United Kingdom (UK) formally left the European Union (EU) on January 31, 2020, and entered an 11-month transition period until December 31, 2020. During this time it continued to fully comply with EU rules and legislation and the two parties negotiated a [Trade and Cooperation Agreement \(TCA\)](#) on their future relationship. This was only concluded on December 24, 2021 but avoided a no deal outcome (hard Brexit). The UK Parliament ratified the TCA in a special assembly on December 30, 2020, allowing the provisional implementation of the agreement on January 1, 2021, while the European Parliament is expected to approve the TCA in the months to come.

From January 1, 2021 the provisions of the TCA immediately led to some border disruption, delays and stuck shipments, especially on the UK side as EU ports and customs immediately enforced the new customs documents requirements according to [EU guidelines](#), while the UK implemented a phased grace period through July 1, 2021. Some of these problems reflect the speed with which traders had to familiarize themselves with the new arrangements, while others are more structural in nature and will

mean long term change, such as the amount of paperwork required for groupage containers or the availability of export health certification for certain products. With regards to the impact of Brexit on EU Tariff Rate Quotas (TRQ), the EC published a specific [guide](#), as well as for [import licenses](#). Rules of Origin (RoO) requirements under the TCA have flagged the complexity of EU/UK supply chains, particularly for imported ingredients or product imported for re-export. The EU provides specific [guidance](#) about the Brexit and the EU Customs Rules, including preferential origin aspects. For more information see also the FAS [UK Food and Agricultural Import Regulations and Standards \(FAIRS\) Export Certificate Report](#) of January 11, 2021.

EU Free Trade Agreements (FTAs)

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

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

DISCLAIMER

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

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

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Mila Boshnakova from FAS Sofia covering Bulgaria
Monica Dobrescu from FAS Bucharest covering Romania
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Yvan Polet from FAS Brussels covering EU Policies, Belgium, and Luxembourg
Sabine Lieberz 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

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) were published in April 2020 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
HS Code	Description	(T to CWE)
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

Livestock Related reports from FAS Posts in Europe:

Country	Title	Date
Poland	COVID-19 Outbreak on Polish Mink Farm	02/04/21
Sweden	Sweden Bans Mink Breeding Until 2022	01/29/21
EU	EFSA Evaluates EU Animal Welfare Situation in Farm To Fork REFIT Effort	01/22/21
Netherlands	Dutch Ministry of Agriculture Launches National Protein Strategy	01/15/21
EU	EU Pork Exports Reached Record Levels in 2020	01/15/21
EU	COVID-19 Hampers 2020 US High Quality Beef Quota Exports to the EU	01/11/21
Netherlands	Dutch Parliament Approves Law to Reduce Nitrogen Emissions	01/07/21
EU	EC Launches Public Consultation on Possible Revision of Feed Additives Legislation	12/21/20
Lithuania	COVID-19 Outbreak on Lithuanian Mink Farm	12/03/20
Belgium	Belgian Regains African Swine Fever-Free Status	11/24/20
Czech Rep.	African Swine Fever Nears the Czech Border	11/17/20
Portugal	Exports Continue to Fuel Expansion of the Portuguese Meat Sector	10/30/20
Iceland	Scrapie Identified in Sheep in Iceland	10/29/20
EU	EU Adopts Its Methane Strategy	10/21/20
Bulgaria	Livestock and Products Annual	10/16/20
Denmark	Denmark to Cull One Million Mink Due to Coronavirus	10/08/20
Spain	Spanish Livestock and Poultry Sector Update	09/30/20
Romania	Romania Approves COVID Subsidies for Farmers	09/29/20
Germany	African Swine Fever- An Unwelcome Arrival in Germany	09/10/20
Poland	Polish ASF Cases Spike in Summer 2020	08/28/20
Netherlands	Coronavirus Continues to Challenge Dutch Mink Farms	08/03/20
Romania	African Swine Fever Update	07/14/20
EU	EFSA Scientific Opinion Evaluates EU Pig Animal Welfare Rules at Slaughter	07/14/20
Poland	Sixth 2020 ASF Outbreak in Northeastern Poland	07/07/20
Germany	COVID-19 Will Change German Livestock Industry	07/05/20
Poland	Fifth 2020 Commercial ASF Outbreak in Western Poland	06/26/20
Denmark	Government to Cull Mink on COVID-19 Infected Farm in North Jutland	06/18/20
Netherlands	Council Critical of Government Approach to Reduce Nitrogen Emissions	06/17/20
Netherlands	Government to Cull Mink on COVID-19 Infected Farms	06/08/20
Netherlands	COVID-19 Found on Additional Dutch Mink Farms	06/02/20
Spain	Spanish Meat Sector Update	05/29/20
Netherlands	Meat Producers Told to Implement Strict COVID-19 Control Measures	05/27/20
Netherlands	Dutch Slaughterhouse Closed After COVID-19 Detected	05/22/20
Germany	Slaughter companies under pressure after COVID-19 infections of workers	05/20/20
France	COVID-19 clusters identified in French slaughterhouse workers	05/19/20

Netherlands	COVID-19 Found on Dutch Mink Farms	05/18/20
EU	Dairy and Products Semi-annual	05/15/20
Netherlands	Dutch Veal Sector Faces Sharp Decline in Demand	04/22/20
Netherlands	COVID-19 and its Impact on Dutch Agriculture	04/17/20
Czech Rep.	Czech Government Increased Agricultural Subsidies	04/14/20
Poland	Preliminary Assessment of COVID 19 on Polish Food and Agriculture	04/13/20
Romania	Preliminary Assessment of COVID 19 on Romanian Food and Agriculture	04/09/20
Bulgaria	Preliminary Assessment of COVID 19 on Bulgarian Food and Agriculture	04/07/20
Germany	COVID19 Pummels German Food Service Sector	04/03/20
Romania	ASF Drives Romanian Swine Herd to New Low	03/23/20
EU	Livestock and Products Semi-annual	03/02/20
Poland	Poland 2019 Livestock and Products	01/13/20
Poland	Highly Pathogenic Avian Influenza Strikes Commercial Flocks in Poland	01/03/20

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

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

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Attachments:

No Attachments