

Required Report: Required - Public Distribution

Date: March 02, 2022

Report Number: E42022-0012

Report Name: Livestock and Products Semi-annual

Country: European Union

Post: The Hague

Report Category: Livestock and Products

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Report Highlights:

Both EU beef and pork production are forecast to decline in 2022. The lower domestic beef production is caused by a shrinking dairy herd with higher milk deliveries but a lower output of animals for slaughter. Whereas the contraction of the beef cow herd is based on structural unprofitability of the sector. The recent price hike is not expected to curb the trend of declining beef production. It is anticipated that only a sustained and structural price increase for beef and dairy products or financial support can change the overall trend of a contracting herd. EU pork production is forecast to fall based on slowing Chinese demand combined with rising feed costs. Despite this, due to stock building during 2021, the EU is anticipated to be able to maintain (or even increase) its pork export levels in 2022.

Executive Summary – Beef and Pork Production Expected to Decline in 2022

Note: Effective January 1, 2021, the United Kingdom (UK) completed its departure from the European Union (EU). In this report, if not otherwise indicated, the EU term refers to the current EU-27 (without the UK).

Cattle & Beef – Recent Price Hikes are Not expected to Curb the Declining Trend of Beef Production.

The EU cattle herd has been on the decline since 2017, and is projected to continue to decline in 2022, despite the recent increase in milk and beef prices. The contraction of the dairy herd is combined with an improving per-cow milk production. Whereas the contraction of the beef cow herd is based on structural unprofitability of the sector. It is anticipated that only a sustained and structural price increase for beef and dairy products or financial support through the new Common Agricultural Policy (CAP) can change the overall trend of a contracting herd. The record price levels paid for carcasses and feed triggered farmers to increasingly slaughter their animals during the last quarter of 2021. Because slaughter was accelerated, slaughter weights declined, and overall beef production fell in 2021. With the further contraction of the cow herd, the number of animals for slaughter is anticipated to decline this year. The tight EU beef market is unable to attract beef imports due to the tariff quotas and the tight global supply of beef. Despite declining production, EU beef exports are forecast to marginally increase in 2022, largely because of improved sales of Irish beef to the UK market.

Swine & Pork – The EU is Positioned to Maintain its Pork Export Levels Due to Elevated Stocks.

After a record slaughter and pork production level achieved in 2021, pork production is forecast to fall this year. The surge of Chinese demand for pork in 2020 brought optimism to the sector, which initiated an increase in the supply of piglets in 2020. Due to the fattening time, and disruptions at slaughter houses due to the coronavirus pandemic, a large share were slaughtered in 2021. With slowing Chinese demand, and rising feed, energy, and labor costs in 2021, the outlook for the sector deteriorated, and the sow herd was cut by 3.6 percent to a new record low. Major cuts are forecast for Germany and Poland. Even in Spain, which has shown steady growth in slaughter since 2013, a leveling-off of slaughter is anticipated in 2022. The lower supply of piglets will eventually lead to a reduction in the slaughter of hogs and reduced pork production. However, based on high commercial stocks developed in 2021, the EU swine sector has the volume available to sustain or even increase pork exports this year. Through its export diversification efforts, the EU will not be as reliant on Chinese demand. If export demand falls short, however, it is anticipated EU pork stocks will further build, pressuring prices and profit margins.

Cattle

Animal Numbers, Cattle	2020		2021		2022	
	Jan 2020		Jan 2021		Jan 2022	
European Union	USDA Official EU27	New Post EU27	USDA Official EU27	New Post EU27	USDA Official EU27	New Post EU27
Total Cattle Beg. Stks	77,161	77,161	76,462	76,494	75,750	75,650
Dairy Cows Beg. Stks	20,766	20,766	20,562	20,536	20,440	20,219
Beef Cows Beg.	10,748	10,748	10,838	10,771	10,825	10,526
Production (Calf Crop)	24,970	24,980	24,870	24,825	24,750	24,550
Total Imports	42	43	25	20	25	20
Total Supply	102,173	102,184	101,357	101,339	100,525	100,220
Total Exports	1,123	1,126	1,050	1,025	1,040	1,035
Cow Slaughter	10,164	10,164	10,200	10,300	10,130	10,200
Calf Slaughter	5,942	5,943	5,900	5,915	5,915	5,900
Other Slaughter	7,239	7,239	7,220	7,235	7,155	7,100
Total Slaughter	23,345	23,346	23,320	23,450	23,200	23,200
Loss and Residual	1,243	1,218	1,237	1,214	1,225	1,185
Ending Inventories	76,462	76,494	75,750	75,650	75,060	74,800
Total Distribution	102,173	102,184	101,357	101,339	100,525	100,220

(1,000 HEAD)

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

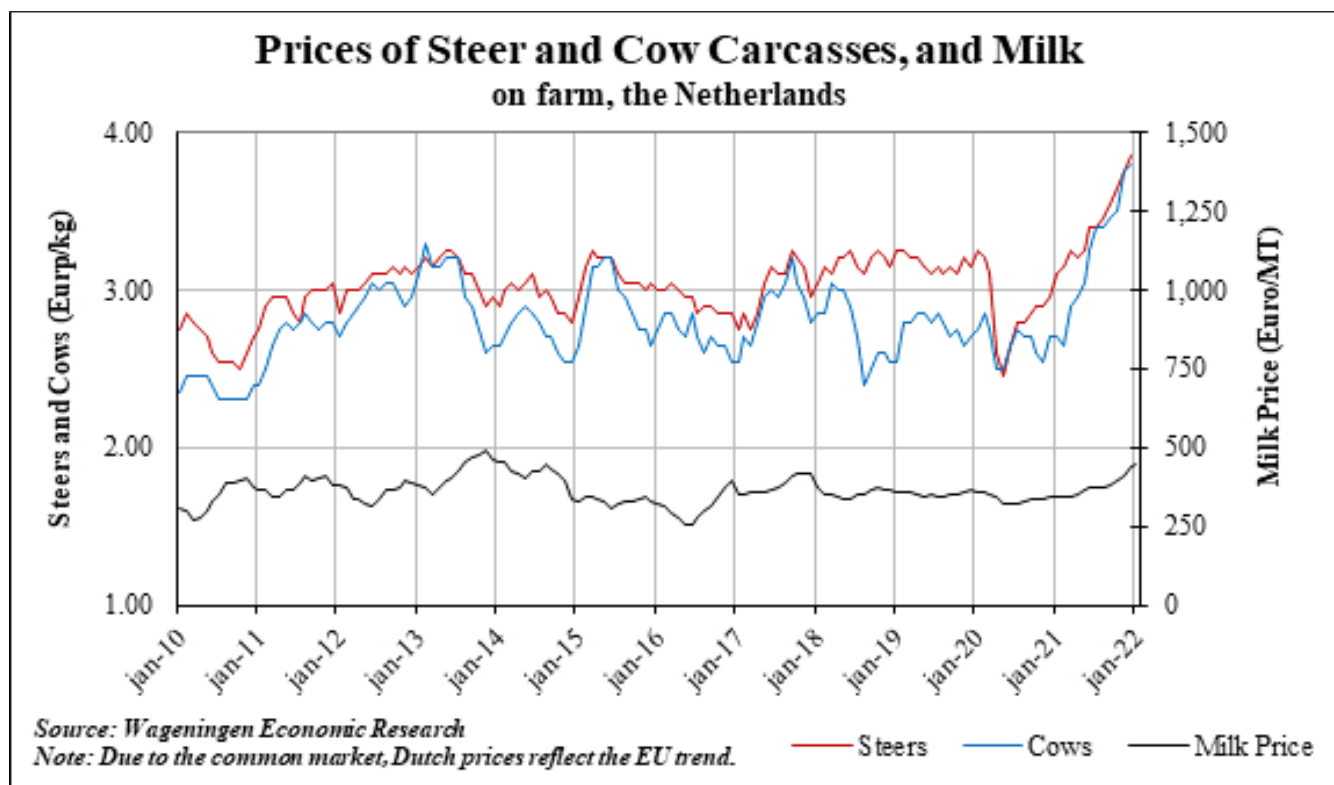
While Efficiency of the European Union (EU) Dairy Sector in Improving, the Herd is Shrinking.

As anticipated in the [EU Livestock Annual](#) published in September 2021, the EU cattle herd contracted in 2021 – a trend which has been realized year-on-year since 2017. Despite this decline, the EU dairy sector's efficiencies continue to improve, meaning less cows are needed to produce the same volume of milk. This trend is reported across almost all EU Member States (MSs), except for Ireland where the dairy herd continues to grow. While the EU average milk price increased to its highest level reported since 2014 (see graph below), only a sustained and structural increase of the milk price will support an overall expansion of dairy herd in the EU. For more information, see the [EU Dairy and Products Annual](#), published in November 2021.

Despite an Increase in Carcass Prices, the EU Beef Cow Herd is also Shrinking.

After an expansion in the size of the EU herd in 2020, the EU beef cow herd shrunk in 2021. While the herd is shrinking in Western Europe, it is growing in most of the Central European, Balkan, and Baltic Countries. Prices for both steers and cows for slaughter rose to their highest level since price data collection began by the Wageningen University (in the Netherlands) in 1990 (see graph below). As there is no expectation that demand for beef will grow, this price surge is primarily the result of a shortage of animals for slaughter (creating competition between slaughterhouses). The high prices for carcasses has not yet led to an expansion of the beef cattle sector in Western Europe, as structural unprofitability has been further exacerbated by high feed prices over the past four years (see graph below). However, Ireland and Portugal are the exception. The Portuguese cattle sector is currently restructuring to increase

its domestic beef production to meet domestic and export market demands. The recent expansion of the Irish beef cow herd is due to an increasing beef price differential between Ireland and the UK which has made Irish exports increasingly attractive.



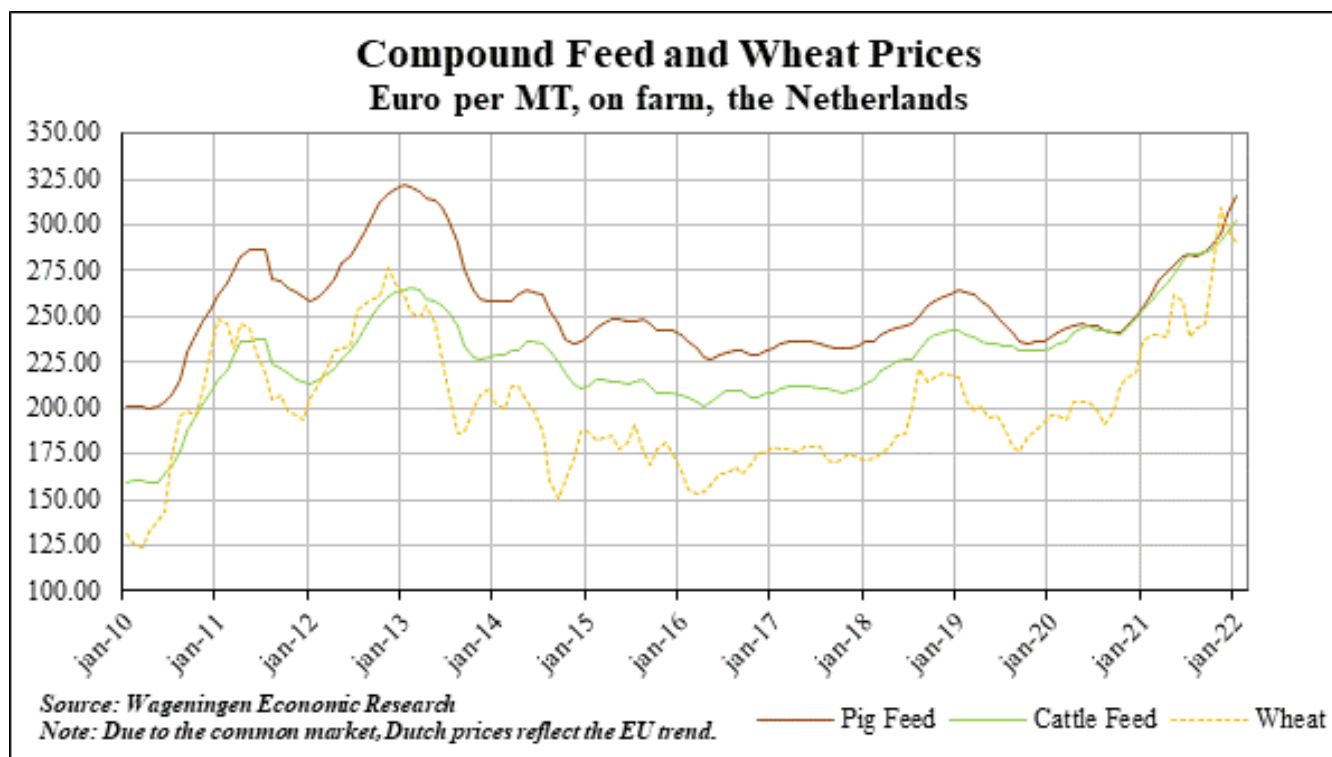
Expansion of the Central European, Balkan and Baltic Beef Cow Herds is Fragile.

An important factor for the expansion of the Central European, Balkan, and Baltic beef cow herd is their respective government’s financial support combined with the relatively low labor intensity and lower financial risk of rearing beef cattle (as opposed to generally more intensive husbandry systems of holding dairy cattle, swine, and poultry). Given the significant increase in cattle purchase prices, some in the region (i.e., the Polish beef sector) are optimistic about their economic viability. The cost-effectiveness of beef cattle farming in other Central European countries is more fragile. Bulgarian industry sources indicate that the increasing production cost and stagnating demand for beef are having a negative effect on the country’s industry. In Bulgaria, most farmers are unable to keep their animals and official and backyard slaughter increased significantly last year.

Even with Record High Prices, EU Beef Cattle Farms are Just Making Ends Meet.

With the reduced supply of young cattle and dairy cows, EU slaughter has been declining since 2018. After a build-up of animals in 2020, official slaughter increased by 0.12 percent in the first half of 2021, slowed, then subsequently accelerated in the last two months of 2022 (likely triggered by the record price levels paid for carcasses as well as feed). Over the course of the entire calendar year, slaughter increased by roughly 0.5 percent. However, even the significant increase in carcass prices was insufficient to offset the rising costs of beef cattle farming in Western Europe. The structural unprofitability of the Western European sector has been further exacerbated by high energy prices and labor. Breeders are giving up production, not only due to rising costs, but reportedly also because of a

lack of successors. Increased beef carcass prices are only slowing the decline of the EU’s beef cattle population. It is noteworthy that even with record prices, beef cattle farming is barely profitable in the EU. Accordingly, further expansion of the EU beef cow herd will largely depend on the national implementation of the EU Common Agricultural Policy (CAP; see Policy section of this report). Under similar market conditions, the cattle herd is forecast to contract further in 2022, most significantly in France, Germany, Spain, and Belgium.



EU Cattle Exports Declined in 2021 Due to Fewer Exports to the UK.

Exports of live cattle for slaughter has been one of the main drivers for holding beef cows in the EU. Following a significant increase in exports in 2020, exports of live cattle to the UK returned to near 2019 levels, contributing to a year-on-year reduction in EU cattle exports in 2021. EU exports also declined significantly to Algeria, Lebanon, and Turkey (while exports increased to Israel, Morocco, Russia, Kosovo, and Albania). In 2021 and 2022, exports of live cattle are under pressure due to high prices. In addition, while the EU has a wide range of export destinations, its overseas options are declining as animal protection associations continue to issue accusations of violations of EU animal welfare legislation due to the difficulty in transporting live animals. On July 5, 2021, the European Parliament’s Committee of Inquiry on the Protection of Animals During Transport (ANIT), published a report about livestock transport in the EU and to third countries (for more information, see the Policy section).

Beef

Meat, Beef and Veal	2020		2021		2022	
Market Year Begins	Jan 2020		Jan 2021		Jan 2022	
European Union	USDA Official EU27	New Post EU27	USDA Official EU27	New Post EU27	USDA Official EU27	New Post EU27
Slaughter	23,345	23,346	23,320	23,450	23,200	23,200
Beginning Stocks	0	0	0	0	0	0
Production	6,883	6,882	6,835	6,855	6,800	6,800
Total Imports	351	350	305	320	320	335
Total Supply	7,234	7,232	7,140	7,175	7,120	7,135
Total Exports	713	714	695	690	690	700
Human Dom. Cons.	6,521	6,518	6,445	6,485	6,430	6,435
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	6,521	6,518	6,445	6,485	6,430	6,435
Ending Stocks	0	0	0	0	0	0
Total Distribution	7,234	7,232	7,140	7,175	7,120	7,135

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

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

Reduced Domestic Supply and Imports Leads to a Tight Beef Market.

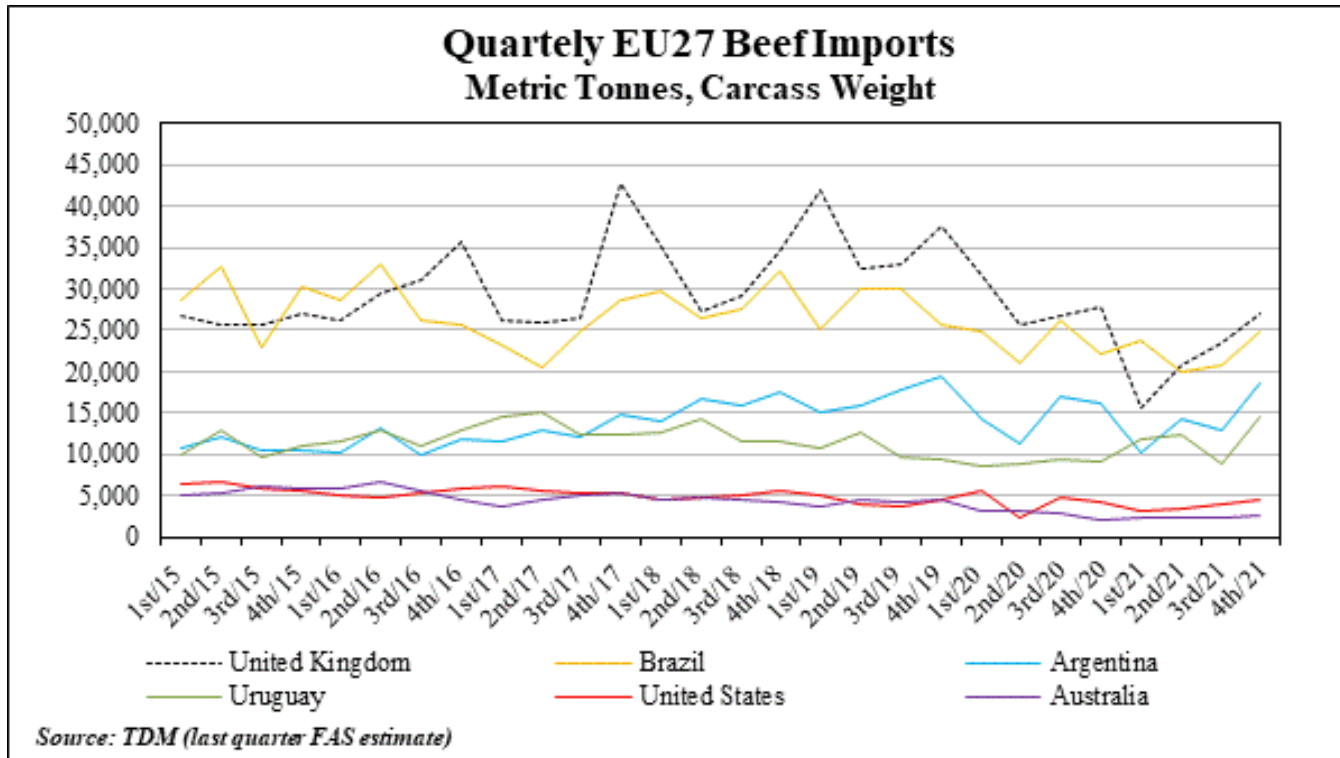
With the shrinking dairy and beef cattle herd, the volume of animals available for slaughter is falling. Increased slaughter in 2021 resulted from high feed and carcass prices at the end of the year. The accelerated slaughter rate also led to lower slaughter weights -- roughly 2.5 kg lower than in 2020. Ultimately, the lower weights resulted in a 0.4 percent reduction in beef produced in 2021. Declining production is leading to a tighter market and price increases. This is further exacerbated by a reduction in imports. Beef imports from the UK declined the most in 2021, likely caused by Brexit (see graph below) which means UK exporters must now meet EU import requirements (see Policy section). Imports also fell from South America, except for Uruguay, as the region increased its exports to the United States and China. Additionally, EU beef imports from the United States stagnated due to both the lower demand for high quality beef in the EU and the high demand for U.S. beef in the Chinese market. While the COVID-19 crisis has not affected the consumption of lower-value cuts and minced beef, the demand for high quality cuts was negatively affected by the closure of the food service sector. The closure of much of the EU's food service sector for an extended period of time led to lower import volumes of high quality beef, particularly under the [High Quality Beef \(HQB\) quota](#)¹ and [Hilton quota](#).

The EU Market is Anticipated to Further Tighten for Lower-Quality Beef in 2022.

In 2022, the average slaughter weight is forecast to increase, based on the long-term, year-on-year trend in animal growth (about 2 kg per year since 2000). However, taking in account that feed costs will remain relatively high (for more information see the [EU Grain Situation - Fall Update](#)) the weight increase will be marginal. This increase in slaughter weight is forecast to be insufficient to offset the reduced rate of slaughter. Accordingly, EU beef production is forecast to fall 0.8 percent in 2022, with significant reductions in France and Germany, and an increase in Ireland. With stagnating production,

¹ GAIN: COVID-19 Costs US Beef Exporters USD 100 Million of Lost High Quality Beef Sales to the EU in Quota Year 2020-21

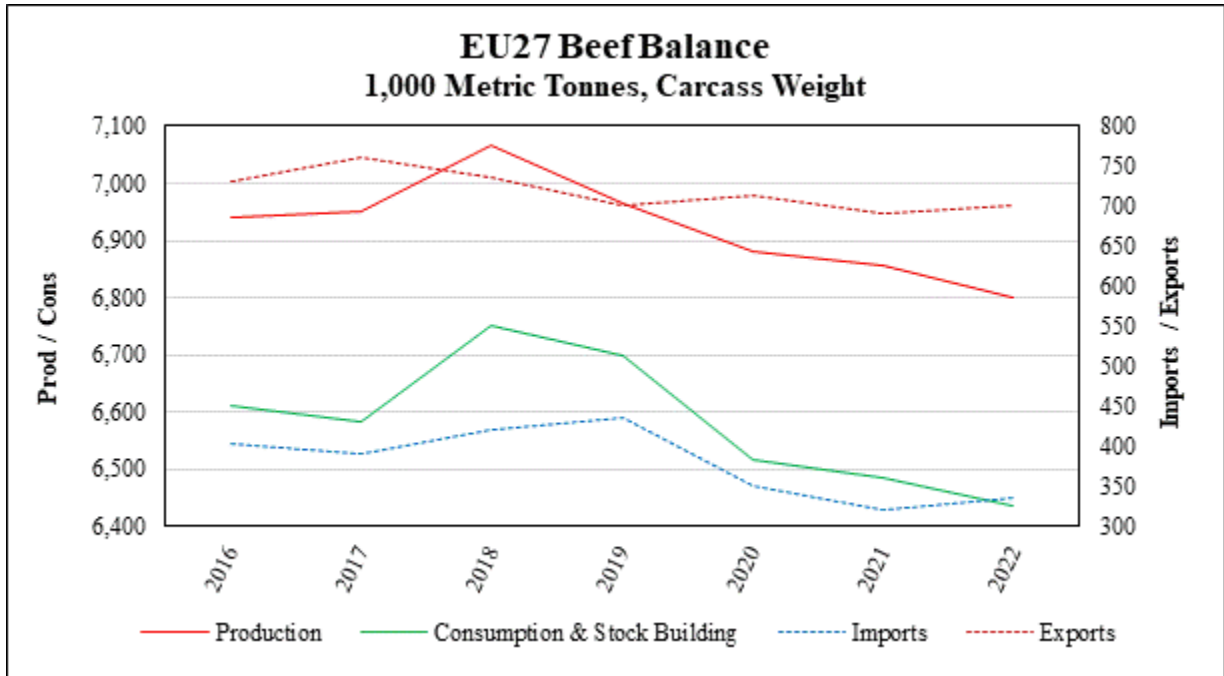
and limited third-country supplies, the EU market for lower-quality beef is expected to remain tight in 2022. However, imports of high-quality beef are forecast to recover in 2022, assuming a gradual tamping out of COVID-19 and the continued re-opening of the EU-wide food service sector.



EU Beef Exports are Expected to Recover in 2022 Due to Improved Irish Sales to the UK.

EU beef exports are under pressure due to a dwindling supply. As noted, beef exports to the UK fell significantly in 2021. Reduced import demand from the UK was a reflection of an increased domestic supply due to slacking demand by the food service sector (because of the pandemic) and UK export challenges. EU beef exports rose most significantly to Japan, the Philippines, and Norway. A slight increase of beef exports is anticipated in 2022 on the back of expanding sales of Irish beef to the UK and expanding sales of Spanish beef to Asian markets².

² Spain is still working to open the Chinese and South Korean beef markets.



Swine

Animal Numbers, Swine	2020		2021		2022	
	Jan 2020		Jan 2021		Jan 2022	
European Union	USDA Official EU27	New Post EU27	USDA Official EU27	New Post EU27	USDA Official EU27	New Post EU27
Total Beginning Stocks	143,146	143,146	146,228	145,877	145,620	141,556
Sow Beginning Stocks	11,328	11,328	11,328	11,255	11,150	10,852
Production (Pig Crop)	256,500	256,100	257,200	255,000	256,000	251,500
Total Imports	19	19	5	12	5	15
Total Supply	399,665	399,265	403,433	400,889	401,625	393,071
Total Exports	492	490	580	800	600	800
Sow Slaughter	3,638	3,711	3,650	4,007	3,660	3,870
Other Slaughter	243,676	243,603	247,850	248,993	247,340	243,130
Total Slaughter	247,314	247,314	251,500	253,000	251,000	247,000
Loss and Residual	5,631	5,584	5,733	5,533	5,575	5,271
Ending Inventories	146,228	145,877	145,620	141,556	144,450	140,000
Total Distribution	399,665	399,265	403,433	400,889	401,625	393,071

(1,000 HEAD)

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

In 2021, the EU Realized a New Slaughter Record.

The Coronavirus pandemic disrupted the EU swine balance of 2020 and 2021. The EU swine sector began 2021 with a backlog in slaughter caused by virus outbreaks among the workers at slaughterhouses

(mainly Northwestern Europe³). This is important as a relatively high share of the number of sows counted at the beginning of the year were taken out of production during the first half of 2021. As a result, average EU sow fertility remained nearly unchanged over the course of the full calendar year. Similarly, slaughter of hogs peaked during the first half of 2021 as the backlog built over the course of 2020 was eliminated. During the first half of 2021, official slaughter was reported to have been 3.5 percent higher than during the same period in 2020, levelling off during the remainder of the year. Based on eleven months of data, Post forecasts 2021 full year slaughter at 253 million head (a new record) -- a year-on-year increase of 2.3 percent. Annual slaughter increased in almost all EU Member States, and most significantly in Spain, Denmark, and the Netherlands -- mainly driven by elevated pork exports from all three countries to China. Slaughter also increased in Belgium, Italy, Poland, Austria, the Czech and Slovak Republics, Hungary, and Bulgaria. Belgian carcass prices somewhat recovered, as the sector regained its African Swine Fever (ASF)-free status in the summer of 2021, and Belgian producers were able to increase their exports (mainly to the UK and the Philippines). The increase in slaughter in Italy resulted from recovering EU demand for cured meat.

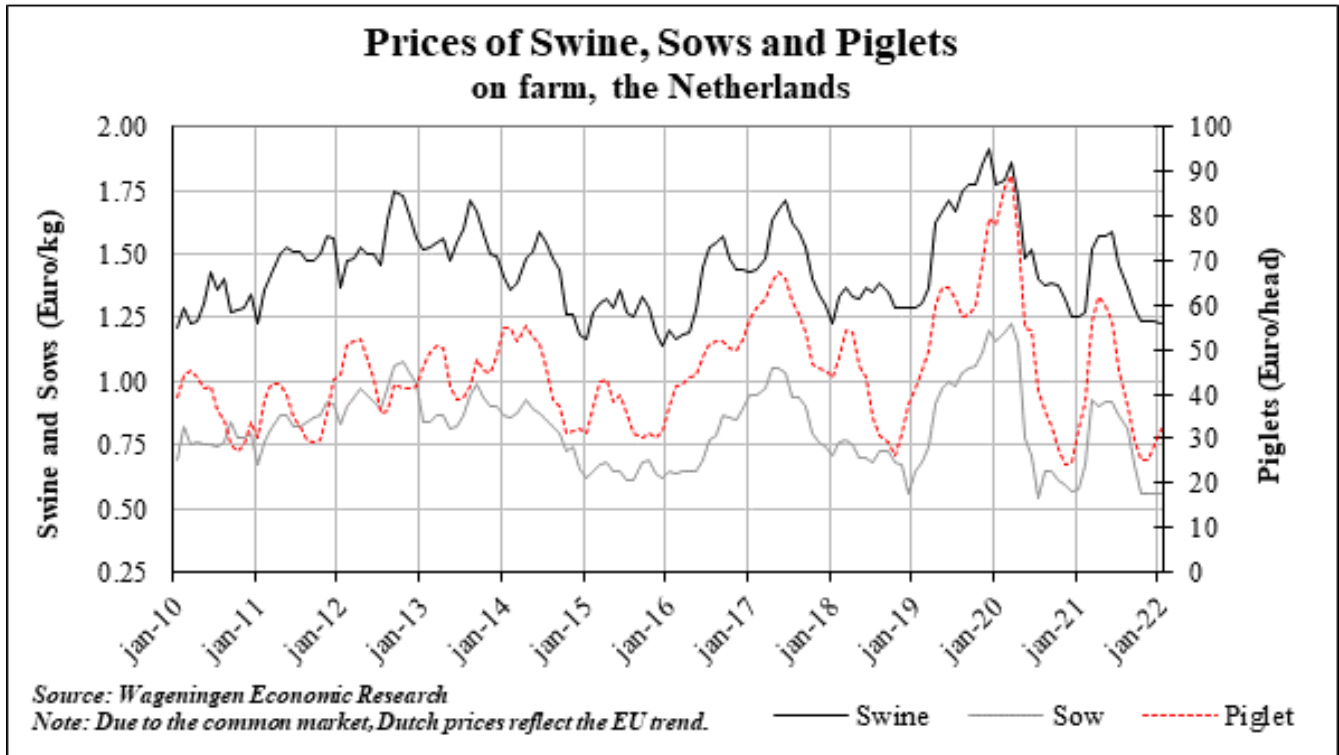
Declining Chinese Demand for Pork in 2021 Leads to Reduced Production in 2022.

Due to declining export demand (mainly from China), prices for swine and piglets fell during the second half of 2021 (see graph below). In addition, increased production costs, mainly for feed, energy, and labor, have not yet been transferred to the pig price. Under these deteriorating market conditions the EU sow stock fell to 10.85 million head at the end of the year (Eurostat statistics) -- a new record low. Taking this into account, 2022 EU piglet production is forecast at 251.5 million. With the falling piglet supply, slaughter is forecast to decline by approximately 2.4 percent in 2022. The most significant reductions are anticipated in Germany, Poland, the Netherlands, and Belgium. The German swine sector was already under pressure before 2020, but with the ASF outbreaks in the wild boar population and the effects of the coronavirus pandemic which curbed pork consumption, the situation worsened. Currently, just over 18,000 hog farms are still in business, forty percent less than ten years ago. In fact, the German hog herd has fallen to its lowest level in the past 25 years.

ASF's Continued Spread is Making it Difficult for More EU Member States to Export.

ASF continues to trouble the Central European swine sector, in particular Poland and Romania. The increase in Polish slaughter in 2021 is expected to be a one-time occurrence. Due to the increased area infected with ASF in Poland, the country's export possibilities are limited (and deteriorated profitability is taking its toll). On December 2, 2021, the Polish Minister of Agriculture and Rural Development announced a PLN 400 million (approximately \$98 million) package to support pig breeders. ASF is also spreading southwards and has recently reached Italy. From January 7 to February 11, 2022, Italy confirmed 36 ASF outbreaks in the regions of Liguria e Piemonte. The Italian pork industry is most concerned about exports as China, Japan, Switzerland, Kuwait, and Taiwan have banned the importation of cured meats and pork from Italy.

³ See GAIN Reports: [COVID-19 clusters identified in French slaughterhouse workers](#), [Slaughter companies under pressure after COVID-19 infections of workers](#), and [Meat Producers Told to Implement Strict COVID-19 Control Measures](#).



Even the Most Competitive Producing Member States Will Curb Production in 2022.

An inventory reduction has taken place in the Netherlands as the Dutch government has implemented a buy-out program to help curb agricultural nitrogen emissions. In Belgium, nitrogen emissions are increasingly becoming a subject of importance -- leaving Belgian producers in limbo for future investments. Even in Spain, which has shown steady growth in slaughter since 2013, a leveling-off of slaughter is anticipated. In 2021, the Spanish pork sector was struggling to remain economically profitable due to increased production costs, which have not yet been transferred to the pig price. In response to increasing costs, mainly as a result of feed prices, the Spanish livestock sector's strategy is focused on a more controlled expansion. Furthermore, future expansions in pork production will be limited to allow farms to adapt to meet new EU requirements under the Green Deal strategy (for more information see the GAIN Report - [High Input Prices Limit Expansion of Spanish Meat Production](#)).

While slaughter is not expected to decline in nearly half of the EU's Member States, a decline is expected among the bloc's leading producers (Spain, Germany, France, Denmark, the Netherlands, and Belgium). Among the main producers, France is the lone exception. French slaughter is forecast to increase slightly in 2022 as ending stocks are expected to have increased in 2021. However, France is expected to realize a lower 2022 pig crop. The French Ministry of Agriculture announced a €270 million (\$650 million) support plan for the French swine sector. It includes €75 million (\$85 million) in direct aid to farmers (limited at €15,000 per farm), €175 million (\$200 million) to restructure the sector (including the closing of some farms) and a €20 million (\$23 million) in rebates in social taxes. Taken as a whole, EU slaughter is projected to decrease to 247 million head. Ending inventories in 2022 are forecast at 140 million head.

Pork

Meat, Swine	2020		2021		2022	
Market Year Begins	Jan 2020		Jan 2021		Jan 2022	
European Union	USDA Official EU27	New Post EU27	USDA Official EU27	New Post EU27	USDA Official EU27	New Post EU27
Slaughter	247,314	247,314	251,500	253,000	251,000	247,000
Beginning Stocks	0	0	0	0	0	0
Production	23,219	23,219	23,680	23,720	23,660	23,250
Total Imports	160	160	100	110	100	90
Total Supply	23,379	23,379	23,780	23,830	23,760	23,340
Total Exports	5,178	5,178	5,050	5,100	4,980	5,150
Human Dom. Cons.	18,201	18,201	18,730	18,730	18,780	18,190
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	18,201	18,201	18,730	18,730	18,780	18,190
Ending Stocks	0	0	0	0	0	0
Total Distribution	23,379	23,379	23,780	23,830	23,760	23,340

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

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

Pork Production is Forecast to Decline in 2022 After Record Volumes in 2021.

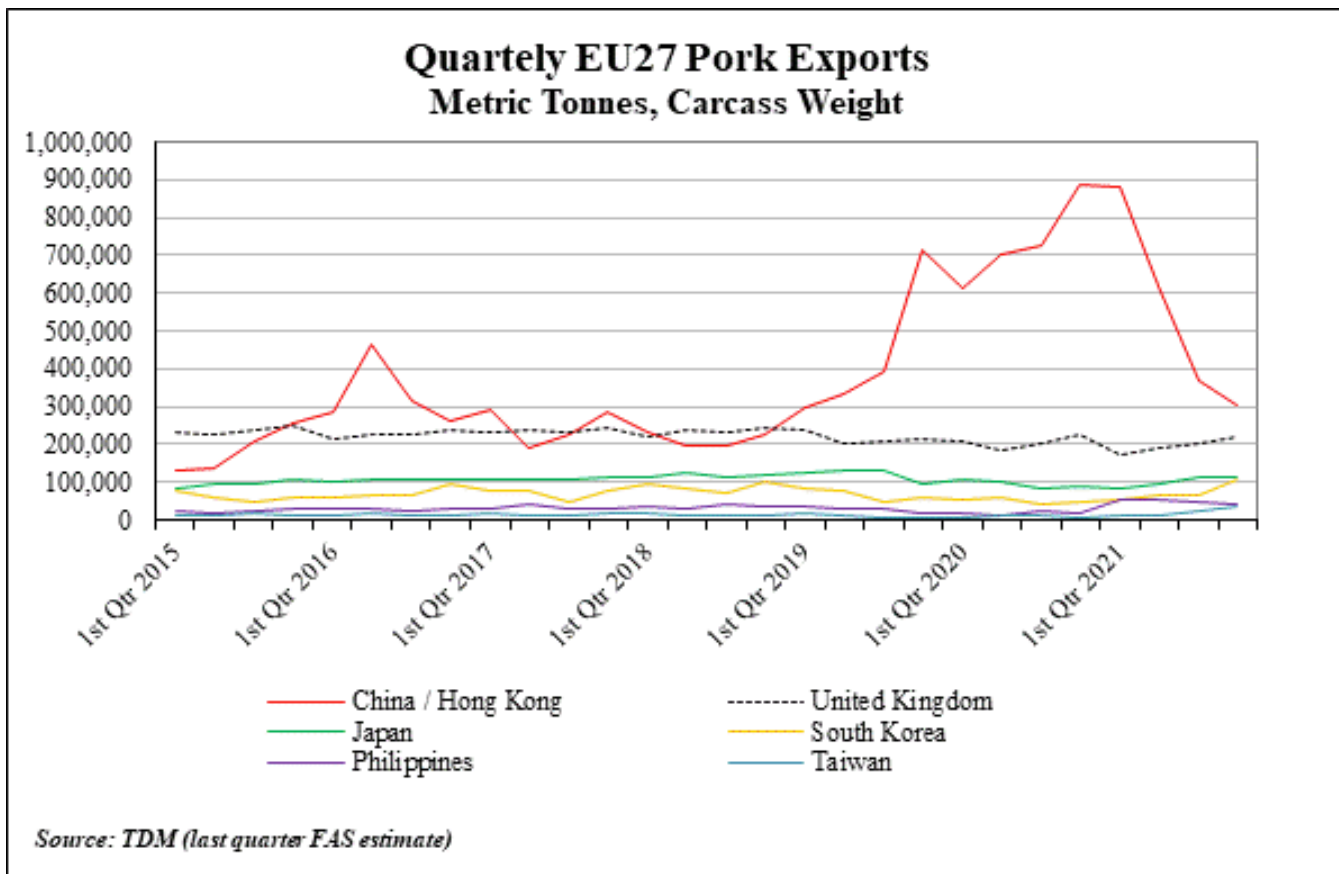
With a record slaughter level achieved in 2021, pork production also reached a record volume last year. As the backlog of slaughter was eliminated, carcass weights fell from well above the level reported in 2020, to levels well below those in 2020. Based on eleven months of 2021 data, the average carcass weight at official slaughter declined by 0.14 percent over the full calendar year to 93.8 kg. The lower weights were attributable to surging feed prices and falling carcass prices, pressing farmers to slaughter their hogs as soon as the permitted minimum weight was reached.⁴ The EU average carcass weight had increased steadily between 2012 and 2020. Over the past twenty years, slaughter weights increased 0.4 percent per year, equivalent to approximately 0.36 kg. Higher weights help to reduce the slaughter costs per kilogram of pork. Over the course of 2022, the average slaughter weight is anticipated to increase (to roughly 94.1 kg), but with a reduced number of animals for slaughter, 2022 production is forecast at 23.3 MMT CWE.

Reduced Chinese Demand Pressures EU Pork Exports

After a record export volume in 2020, the EU exported nearly the same volume in 2021. EU exports peaked during the last quarter of 2020 and first quarter of 2021. During the last three quarters of 2021, exports steadily declined as shipments to China fell (see graph below), somewhat mitigated by increased exports to other destinations. To reduce the dependency on the Chinese market, the EU swine sector is looking at alternative markets. A diversification of exports is already reflected in the export data of 2021, with increased shipments to nearly all of the EU's top-15 markets, most notably to the Philippines (where exports benefitted from lower import duties⁵), South Korea, Chile, the United States, and Australia.

⁴ A reduction of the annual average slaughter weight is rarely reported.

⁵ USDA - World Markets and Trade - [Philippines Pork Imports Expected to Reach Record Levels](#)



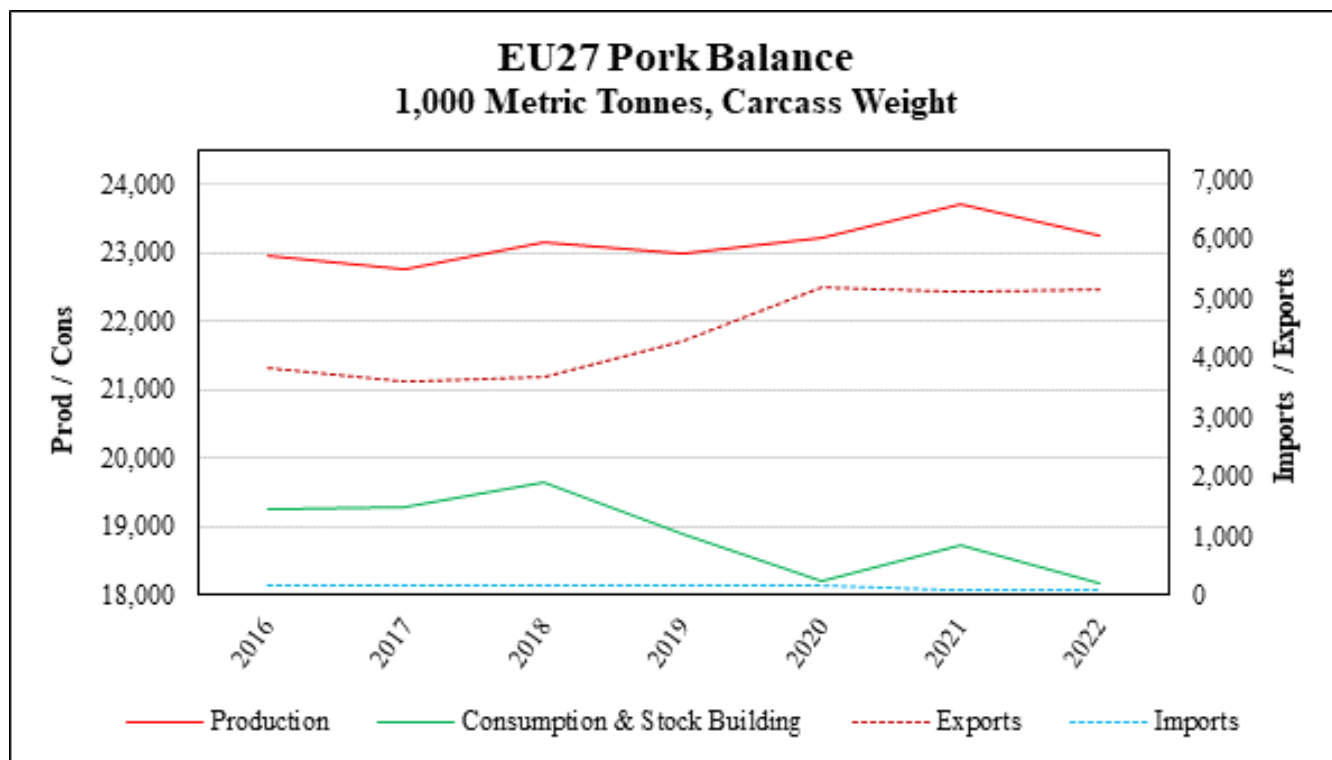
Record Production and Stagnating Domestic and Foreign Demand Has Led to Increased Stocks.

Significantly reduced pork sales in Germany are only partly outbalanced by increased sales to other Member States. In Central and Southern Europe, sales are supported by lower prices and the revived tourist and food service sector. However, lower prices in France and Belgium only managed to stabilize per capita pork consumption. Another factor challenging the industry has been inflation, which is forecast to negatively affect domestic pork sales. From 2016 to 2021, EU pork consumption averaged 19,000 MT CWE (see graph further below). However, with the long-term trend of declining EU pork consumption, further exacerbated by the coronavirus pandemic, current consumption is estimated at roughly 18,200 MT CWE. Taken this into account, roughly 400,000 MT CWE is forecast to have been stocked commercially in 2021.

Supplies are Available to Set a New EU Export Record in 2022

EU pork supplies are sufficient to maintain or even increase the export levels reached in 2020 and 2021. FAS/Beijing forecasts Chinese imports to increase from 4.75 MMT CWE in 2021 to 5.10 MMT CWE in 2022. For more information see the [Livestock and Products Annual of FAS Beijing](#), published August 26, 2021. Based on the historic market share, the EU is forecast to ship an additional volume of 200,000 MT CWE to China. In addition, a potential exists to increase sales to other markets. As previously outlined, the EU swine sector has diversified its export markets. In total, EU exports are forecast to stabilize 5.150 MMT CWE – close to the record achieved in 2020. It should be noted that optimism about recovering Chinese demand for pork is not universally shared among the EU swine sector. If

export demand falls short, it is anticipated EU pork stocks will further build, pressuring prices and profit margins.



Policy

Common Agricultural Policy (CAP)

The CAP proposal

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

The Green Deal

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

The Farm to Fork (F2F) Strategy and Biodiversity Strategy

On May 20, 2020, the EC announced both the [Farm to Fork \(F2F\) Strategy](#) and the [Biodiversity Strategy](#) for 2030 as roadmaps for enhancing food and agricultural sustainability by 2030 under the Green Deal. The goal is for Member States to tailor their new CAP programs through a [system](#) of conditions (“conditionalities”) to be met by farmers receiving area- and animal-based CAP payments. The strategy targets a 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](#) -- a combination of the new multiannual financial framework 2021-2027 (MFF) proposal (€1.07 trillion) and a specific recovery effort, the Next Generation EU (NGUE) proposal (€750 billion). The package aims to rebuild the EU after the coronavirus pandemic and support investment in green and digital transitions. The new MFF proposal received final approval on December 17, 2020, and includes €356.4 billion for the new CAP and Fisheries policy, of which €270 billion for direct payments and market measures (together Pillar I) and €85.4 billion for rural development (Pillar II) for the 2021-2027 period. For more information about the recent proposals see the GAIN report - [Green Deal Strategies for the EU Agri-Food Sector Present a Politically Ambitious Policy Roadmap](#).

On November 17, 2021, the EC published a [proposal](#) for a Regulation aimed at preventing products causing deforestation entering the EU market. The proposal targets products which are identified by the EC as the main drivers of deforestation including cattle, raw hides and skins of cattle and leather. The proposal lays down rules for exporters and introduces a benchmarking system to determine the country of origin’s level of risk of deforestation. The risk level assigned to each country determines the level of scrutiny applied to the imports. As part of the EU legislative process, the proposal is now with the European Parliament and the EU MSs for consideration. For information, please see GAIN Report: [EU Commission Proposes Rules to Curb Deforestation Linked to Agricultural Production](#). On December 15, 2021, six supermarket chains (including Ahold Delhaize and Carrefour) announced their intention to stop buying beef from Brazil due to concerns about deforestation. It should be noted that only a small part of the imported Brazilian beef is sold through retail channels, as most is sold through the food service sector.

Veterinary Medicine Legislation

On January 28, 2022, the EU implemented the new framework for [veterinary medicine regulation](#). On October 8, 2021, the official controls, [Regulation \(EU\) 2021/1756](#), were published to ensure compliance with the prohibition of certain uses for antimicrobials. On October 6, 2021, [Commission Delegated Regulation \(EU\) 2021/1760](#) was published, establishing the criteria for antimicrobials to be reserved for use by humans. The European Medicines Agency (EMA) was [mandated](#) to draft a proposal for a list of antibiotics reserved for human medicine based on these criteria. This list is expected to be ready for approval by the Council and EP in the spring of 2022. A draft Delegated Act for the Implementation of

Article 118 imposing limitations on the use of antibiotics for animals in the EU, that will also apply to operators in third countries, is yet to be proposed.

New EU Animal Welfare Legislative Roadmap

On July 5, 2021, the European Parliament's Committee of Inquiry on the Protection of Animals during Transport (ANIT), published a [report](#) about livestock transport in the EU and to third countries. The report describes patterns in the European transport of animals and possible avenues for improved animal welfare. On January 21, 2022, the public consultation ended on the EU's [Animal Welfare Inception Impact Assessment](#). This impact assessment marks the beginning of an EU revision of its animal welfare legislation, which is one of the goals of the EU's F2F strategy. The aim is to have a draft animal welfare regulation approved by the end of 2023. The proposal will likely expand existing regulations for animal welfare during transport, at the farm level and at slaughter. A renewed [Animal Welfare Platform](#) was installed in May 2021 as an advisory body to inform the EC on these proposals. New initiatives for animal welfare labeling are also being discussed by the subgroup on animal welfare labeling.

African Swine Fever (ASF) Situation Update

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

Updated U.S.-EU Beef Deal

In the spring of 2019, the United States and the EU concluded an updated agreement modifying the Memorandum of Understanding (MOU) on High Quality Beef (HQB). Under the new regime, 18,500 MT Product Weight (PW) of hormone-free raised beef is reserved for the United States, increasing to 35,000 MT PW in year seven under the new agreement. In quota year 2020-2021, 11,783 MT PW of U.S. beef was imported into the EU, almost 9,000 MT PW short of the 20,750 MT PW available under the new agreement. The coronavirus pandemic is the main reason for this result because the majority of U.S. beef imports are destined for the EU restaurant sector, which was largely shut down since the beginning of the pandemic. For the next quota year, a further HQB quota increase to 25,400 MT PW was implemented. For more information see FAS GAIN Report - [COVID-19 Costs US Beef Exporters USD 100 Million of Lost High Quality Beef Sales to the EU](#).

Brexit Update

The UK formally left the EU on January 31, 2020, and entered an 11-month transition period until December 31, 2020. During this time, the UK continued to fully comply with EU rules and legislation

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

EU Free Trade Agreements (FTAs)

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

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

DISCLAIMER

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

This report is the result of active collaboration among the following EU FAS colleagues in the following Member States:

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NOTE**Historic EU27 figures:**

Cattle (Head) – EU27					
	2016	2017	2018	2019	2020
Beginning Stocks	79,303	79,698	79,010	77,840	77,161
Dairy Cows Beg. Stocks	21,652	21,634	21,409	21,029	20,766
Beef Cows Beg. Stocks	10,794	10,806	10,767	10,719	10,748
Production	26,907	25,652	25,461	25,365	24,970
Imports	25	43	71	99	42
Total Supply	106,235	105,393	104,542	103,304	102,173
Exports	1,040	1,086	1,060	1,070	1,123
Cow Slaughter	10,476	10,408	10,695	10,301	10,164
Calf Slaughter	6,327	6,207	6,270	6,224	5,942
Total Slaughter	24,186	24,087	24,336	23,820	23,345
Loss and Residual	1,312	1,210	1,305	1,253	1,243
Ending Stocks	79,698	79,010	77,840	77,161	76,462
Total Distribution	106,235	105,393	104,542	103,304	102,173

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

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

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

Conversion Rates:

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

Technical Note

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

ABBREVIATIONS

EC: European Commission

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

MS: An EU Member State

Livestock Related reports from FAS Posts in Europe:

Country	Title	Date
EU	European Food Safety Authority Opens Public Consultation on Animal Welfare Guidance Methodology	02/16/22
Spain	High Input Prices Limit Expansion of Spanish Meat Production	02/11/22
EU	US Beef Imports into the EU Remained Subdued Throughout 2021	
Portugal	Portuguese Livestock Works to Improve Meat Self-Sufficiency to Meet Demand	01/27/22
EU	EU Commission Proposes Rules to Curb Deforestation Linked to Agricultural Production	01/25/22
Romania	African Swine Fever Update	11/24/21
Poland	African Swine Fever Situation in Poland	11/17/21
UK	Livestock and Poultry Situation and Outlook	10/30/21
Spain	Exports Continue to Drive Spanish Livestock Production	10/05/21
Bulgaria	Livestock and Products Annual	09/27/21

EU	Livestock and Products Annual	09/09/21
EU	COVID-19 Costs US Beef Exporters USD 100 Million of Lost High Quality Beef Sales to the EU in Quota Year 2020-21	07/20/21
Bulgaria	Bulgaria Makes Progress Recovering from ASF	05/11/21
EU	European Commission Launches Public Consultation on Revision of Feed Additives Legislation	04/27/21
Spain	Spanish Livestock Exports Keep Trotting to non-EU Markets	04/14/21
Romania	ASF Continues to Plague Romania's Hog Sector	04/08/21
EU	European Commission Launches Publishes Consultation on Criteria for the Designation of Antimicrobials to be Reserved for Human Use	04/07/21
EU	Livestock and Products Semi-annual	03/01/21
Poland	COVID-19 Outbreak on Polish Mink Farm	02/04/21
Sweden	Sweden Bans Mink Breeding Until 2022	01/29/21
EU	EFSA Evaluates EU Animal Welfare Situation in Farm to Fork REFIT Effort	01/22/21
Netherlands	Dutch Ministry of Agriculture Launches National Protein Strategy	01/15/21
EU	EU Pork Exports Reached Record Levels in 2020	01/15/21
EU	COVID-19 Hampers 2020 US High Quality Beef Quota Exports to the EU	01/11/21
Netherlands	Dutch Parliament Approves Law to Reduce Nitrogen Emissions	01/07/21

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

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

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Attachments:

No Attachments