agritrade

Executive brief: Update

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Cereals: Trade issues for the ACP

Contents

About this update

CTA's Executive brief *Cereals: Trade issues for the ACP*, was published in October 2008 and in CTA's *Agritrade: ACP–EU Trade Issues (2009 Compendium)*. This update consists of:

1. Background and key issues: briefly summarising the original executive brief, and where necessary, updating developments related to key issues;

2. Latest developments: reviewing developments that have taken place since the publication of the original executive brief;

3. Implications for the ACP: examining the implications of recent developments for the ACP countries concerned.

The original executive brief (2008) is available on request from: agritrade-mail@cta.int.

1 Background and key issues in the cereals sector

The process of EU common agricultural policy (CAP) reform began in the cereals sector in 1993, with the consolidation of different cereal, oilseed and protein crops into a single arable regime. This was the precursor of the single payment scheme, which is now the foundation of the EU's system of direct-aid payments. In 2008, direct-aid payments accounted for 76.3% of all expenditure under Pillar 1 (direct aid and market measures) of the CAP, and by 2010 this had risen to 90%. The process of reform, involving reductions in administratively determined cereals prices in exchange for increased levels of direct-aid payments, has allowed EU cereal prices to fall towards world market price levels. Until recently the weakness of the US dollar against the euro prevented the EU from attaining its underlying policy objective of parity between EU and world market prices. Surging global cereals prices in 2007 briefly allowed the EU to attain this objective and so set at zero both export refunds and import duties for cereals, however, with the subsequent decline in cereal prices, export refunds and import duties for cereals were reintroduced, demonstrating that the EU had yet to attain its structural objective.

This process of internal EU cereals-sector reform has external effects through its consequences for the composition and level of production of cereals in the EU and, of increasing importance, its impact on trade in cereal-based food products and other agricultural products which use cereals as an input. ACP countries are thus affected in three main areas by reform of the EU cereals regime:

- the direct effects on trade in cereals;
- the downstream effect on trade in cereal-based value-added products;
- the cross-sectoral effects of cereals-sector reform on those agricultural products using cereals as an input, most notably the poultry sector, where feed-cost reductions led to significant increases in EU poultry-meat exports during the early stages of the CAP reform process.

The ACP is an increasingly important destination for EU cereal-based food products. As EU exporters face intensified competition on traditional export markets, so there has emerged a tendency to fall back on exporting to African markets of 'last resort'. However, the scale of these exports is now making these markets significant in their own right for distressed sectors of the EU's cereal products industry. This has led to industry calls for the systematic removal of tariff and non-tariff barriers to EU cereal-product exports, most notably through the regionally based Economic Partnership Agreement (EPA) negotiations. This reflects lobbying by the EU cereals industry and focuses on securing the abolition of import-licensing arrangements and other quantitative restrictions, limiting the scope for infant industry protection and restricting the duration and nature of special agricultural safeguard measures, which in some ACP countries are seen as essential to respond to continued structural distortions in international agricultural trade relations.

A further issue of concern to some ACP governments in the cereals sector is the implications of the standstill provisions included in some interim EPAs (IEPAs) for applied tariffs, following the policy response to high global food prices in 2007 (suspension of import duties) in the context of subsequent price declines and the consequent need to reintroduce the previous import duties.

The EU policy on the elimination of non-tariff barriers to trade is largely being pursued as a point of principle, given its economic importance in larger, more dynamic markets, rather than as a consequence of the economic importance of individual ACP markets for cereal-based food product exporters. Indeed in June 2009, to an audience of the British Bankers Association, the EC trade commissioner argued that in future, WTO negotiations 'will not involve the classic tariff reduction rounds' but will be 'more relationship centred'. Specifically, 'future gains will come from identifying the non-tariff barriers that stifle trade in goods' and in services, and

securing their removal. This approach, now advocated at the WTO level beyond the current Doha negotiations, is already a central focus in the IEPA negotiations with ACP countries, with the elimination of non-tariff barriers seen as particularly important by EU's cereal and cereal-product exporters.

2 Latest developments

2.1 Global cereals market trends

With growth in world consumption of cereals (particularly of wheat) outstripping production growth over most of the past decade, global cereals stocks fell to 'vulnerable levels'. This saw the prices of cereals surge in 2007: according to the European Commission's Directorate-General for Agriculture, wheat prices in 2007 were on average 33% higher than in 2006, which were themselves 26% higher than the average wheat prices for 2005. In the six months from October 2007 to March 2008, hard and soft wheat prices rose 36.4% and 21.5% respectively, peaking at US$482 and US$397. Global maize prices followed similar trends, but peaked later. In 2006, maize prices were on average 13.5% higher than in 2005, and by June 2008, they had risen a further 119%.

These high prices served to stimulate production, a development which posed problems with the onset of the global economic downturn. By July 2009 maize prices had fallen 46% from their June 2008 peak, while hard and soft wheat prices had fallen 51.7% and 54.4% respectively from their peak levels. This represented a 'very sharp and remarkable decrease in prices'.

A limited price recovery occurred in the second half of 2009, but, according to DG Agriculture, by December 2009 prices for maize, hard wheat and soft wheat were still 40.6%, 52.7% and 47.9% below their earlier peaks. However, high levels of cereals production stimulated by the earlier high prices have seen global stock levels increase substantially, with the global stocks-to-use ratio for wheat increasing from 12% to 20%. For coarse grains, while stocks are expected to decline slightly, they will remain at the second highest level since 2001. This is likely to place very real limits on current price increases. Indeed, with the January 2010 projection of a significant increase in the US maize harvest for 2009/10, maize prices have once again come under pressure.

Projections with regard to short-term developments on global cereals market need to be qualified by the uncertainties generated by non-food economy factors (e.g. exchange rates, oil prices, interest rates, macro-economic variables, speculative investment), which are increasingly having an influence on price formation. These non-food economy factors are such a source of concern that the EC has launched a major investigation into the functioning of the food supply chain, including the role of financial speculation in food-price formation.

In the longer term there is a general consensus that following the global economic recovery, there will be a period of increased price instability on global cereals markets, within an overall trend towards rising prices. Non-food economy factors will, it is felt, play an increasingly important role.

In terms of the EU's global trade position, this is changing under the impact of CAP reform. In the barley sector for example, whereas the EU used to dominate global markets with over half of all exports (some 10 million tonnes), the new exporters of Ukraine and Russia accounted by 2009/10 for nearly half of global exports (48%) and the EU's share had fallen to 8.9% (some 1.5m tonnes). At the turn of the century, the EU's dominant position had been sustained by high domestic prices that stimulated production and large export subsidy programmes that allowed EU markets to be cleared. With the implementation of further CAP reforms, both commodity-specific support and export refunds have been reduced. This has served to reduce the EU's market dominance at a time of rising exports from non-traditional suppliers. In future the elimination of intervention support for barley is expected to reduce the acreage under barley

and reduce the exportable surplus still further, with EU exports projected to fall by 500,000 tonnes to the lowest level in six years.

The EC-financed evaluation of the hops sector published in December 2009 showed an increase in competition on third-country markets from Chinese and US production. In the maize sector the EU is also facing similar increased competition, in this case from Brazil and the Ukraine, although so far EU exporters have been able to maintain their market share. In the durum wheat sector the decoupling of support has seen the gross margins on production diminish and the area under durum wheat declining by a quarter: EU27 production fell from 12.628 million tonnes in 2003/04 to 8.521 million tonnes in 2006/07 and exports fall from 1.4 million tonnes in 2004 to 0.9 million tonnes in 2007. The rise in global cereals prices however saw EU durum wheat production (up to 10,156,000 tonnes in the 2007/08 season) and exports (up to a provisional estimate of 2 million tonnes) recover. Subsequent price declines have seen production levels for durum wheat fall back to 8.1 million tonnes.

Overall these movements suggest a stronger market orientation to cereals production and trade, a development that is wholly consistent with the underlying objectives of CAP reform. There are also indications that a redistribution of production is taking place across the EU, with production being sustained more easily at times of lower cereals prices in new EU member states than in the EU15 countries, with this being particularly evident for coarse grain production. Such a redistribution of production to areas best suited to cereals production is also an important objective of the CAP reform process, since it improves the overall competitiveness of EU cereals production.

However the figures for EU production trade in cereals give only a small part of the picture. The EU has a far greater interest in the export of value-added, prepared cereal-based products, the value of which has expanded dramatically since 2000, from a combined value of €6,066 million to €9,978 million in 2008. African markets continue to be an important destination for certain of these prepared cereals products, particularly as EU companies face intensified competition from local processors (using cereals imported from non-EU sources) in traditional markets.

2.2 EU cereals market trends

High cereals prices up to spring 2008 saw the EU reduce tariffs to zero on most cereal imports, set export refunds at zero for cereals, and suspend the requirement to 'set aside' land from agricultural production. This saw the area under cereals in the EU increase substantially by 3.7 million hectares, with good growing conditions resulting in a 'significant' harvest in the EU (313 million tonnes compared to 264 million tonnes in 2006/07). However, with the onset of the global economic downturn, world market prices collapsed, limiting export opportunities for EU exports. Indeed, in the face of increased competition in traditional export markets, EU wheat exports have declined significantly.

This situation has been compounded by a further good harvest in 2008/09 (although it was down 23 million tonnes to 190 million tonnes), which once again exceeded domestic EU cereals demand. This situation has seen EU cereals prices declining dramatically, in some cases to levels below those preceding the price surge (with barley prices below the intervention price level) and a rapid expansion of EU cereals stocks. The volatile situation in the cereals sector has led EU farmers' leaders to warn that low harvest prices 'could lead farmers to change their sowing intentions this autumn', leading to a further fall in EU cereals production in 2010/11. This is likely to be compounded by lower average yields resulting from lower use of fertiliser and plant-protection product by farmers, as low prices and high input costs place a squeeze on profitability.

This is borne out by the latest projections from the EU farmers' and agri-cooperatives' organisation COPA-COGECA, which sees the area under cereals and yields in the EU27

declining (although with variable trends across the EU15 and EU10 and across individual cereals – see Tables A.1 to A.3 in Annex for details).

While in the short term limited growth in cereals demand is foreseen, in the medium term up to 2015, a more positive outlook is projected to emerge. With moderate prospects for growth in yield, the emerging bio-ethanol market and more favourable global price trends, resulting from economic recovery and the resumption of advanced developing country-led growth in demand, price pressures are likely to ease, with a 'relatively balanced cereals market' likely to emerge in the EU in the medium term. However, 'cereal prices are expected to exhibit greater price fluctuations than observed in the past'.

In terms of exports, total EU cereals exports by 2015 are projected to be 12.9% higher than in 2007, but 17% below their 2008 peak, while EU wheat exports are projected to grow 24% between 2007 and 2015, although remaining 21.7% below their 2008 peak. Indeed, overall a steady decline from the 2008 peak levels of exports is expected up to 2015 (except for a slight increase in 2013 relative to 2012 – see Tables A.4 and A.5 in Annex).

Looking beyond 2015, developments in the cereals sector will be strongly influenced by the future trajectory for CAP reform. The EC's Scenar 2020-II study, published in December 2009 and updating the 2006 study, explores the impact of three scenarios for the future of the CAP:

- a 'conservative scenario', which broadly maintains the CAP as it is, with trade arrangements based on a WTO settlement within the framework of the December 2008 Falconer paper;
- a 'reference scenario', which assumes a 20% reduction in the CAP budget, a 30% decrease in direct-aid payments, a 105% increase in rural development pending and, as for the conservative scenario, trade arrangements based on a WTO settlement within the framework of the December 2008 Falconer paper;
- a 'liberalisation scenario', which assumes a 75% reduction in the CAP budget, the elimination of direct-aid payments and market instruments and the removal of all trade-related measures.

Under the reference scenario, the study projected cereals production to increase by 13% between 2005 and 2020 (equivalent to a 36 million tonne increase), with wheat growing 16% (+22 million tonnes) and the growth in coarse grains being driven by biofuel policies. In contrast, relative to the reference scenario, under the liberalisation scenario 'cereal production declines, mainly because of the withdrawal of decoupled payments' and 'the complete reduction of trade policy measures'. Under both of these change-based scenarios, production growth is driven by technical progress increasing yields. Under the liberalisation scenario, ethanol production in the EU would virtually disappear (i.e. it is uncompetitive at world market prices without public assistance) and bio-diesel production would be lower than under the reference scenario. This has a significant impact on cereals demand. Under the reference and liberalisation scenarios, price levels by 2020 are projected to be significantly lower for soft wheat, barley and maize.

Table: Projected changes in producer prices in EU27 under different scenarios

	'Reference scenario' 2004/05 to 2020 Price changes as a percentage (%)	'Liberalisation scenario' relative to reference scenario by 2020 Price changes as a percentage (%)
Soft wheat	-8.9	-7.8
Barley	-14.7	-9.8
Corn	-6.5	-3.4

Source: EC, DG Agriculture,Scenar 2020-II, final report, Dec 2009: European Simulation Model (ESIM) results.
Note: The price changes in the liberalisation scenario are additional to any price reductions which may occur under the reference scenario.

Thus it can be seen that policy choices in terms of the future of the CAP and with regard to EU biofuels policy will have a significant impact on the future of EU cereals markets.

2.3 Changing use of support instruments

Since 2006, the main instrument of support in the EU cereals sector has been the single payment scheme. While certain 'coupled aids' continued to be allowed for a transitional period, these are being phased out. Coupled aids for durum wheat and hops were terminated from 1 January 2010, while those for fodder crops will be phased out by April 2012. The single payment scheme now represents the principal means of public assistance to the EU cereals sector.

The EU continues to maintain in place a minimum floor-level price support as a safety net, but this is set at a level such that it no longer has a major influence on price formation in the cereals sector. As part of efforts to ensure that the intervention price does not affect market price formation, the EC introduced real limits on the volume of purchases into intervention stocks (for 2009/10 set at zero for most cereals, except for soft wheat, set at 3 million tonnes). However this policy tool continues to be available for use in response to any deterioration in the EU market situation. While in 2007 export refunds were briefly set at zero in response to high global cereals prices, export refunds were subsequently increased in response to price declines. Thus export refunds continue to be a feature of EU support instruments available to cereals producers, with their use being determined by the relative level of EU and world market prices (a relationship strongly influenced by the euro-US dollar exchange rate).

The set-aside policy, which involves the compulsory setting aside of agricultural land from productive use, remains a feature of EU policy, although in response to high world market prices, the use of this tool was discontinued. Similarly in response to very high world market prices the EU also set import duties for certain cereal products at zero, although once again tariffs were reintroduced (in October 2008) following price declines.

It should be noted that discontinuing the use of set-aside and setting tariffs and export refunds at zero is different to abandoning the use of these policy tools. These policy tools have remained available and have been reactivated in response to declines in global and EU market prices (see Table A.6 in Annex for recent EU cereal price changes). Despite the retention and reactivation of these policy tools, the general policy thrust is away from the use of such trade-distorting policy tools (tariffs and export refunds) and towards the greater use of financial support instruments and other policy measures. This trend, however, is causing concern to EU farmers, particularly in the face of what has been described by farmers' leaders as a 'disastrous situation' in the cereals sector. Farmers' leaders are calling for improved use of market management measures under the CAP so as to better 'enable farmers to withstand crises'. Farmers' leaders have called on the EC to examine possible measures in four areas: safety nets; market risk management; export promotion and the functioning of the supply chain, in order to strengthen the position of producers in the market place and maintain cereals production across the EU.

Despite the desire of EU farmers to see a policy established that maintains cereals production across the EU, implicit in the approach being adopted is an acceptance that over the long term there will be a reduction in the use of traditional trade-distorting policy tools in the cereals sector and their replacement by a range of other policy instruments. However it should be noted that the reduced use or abandonment of traditional trade policy tools is only seen as acceptable if alternative policy instruments are first set in place, which ensure farmers an economic return on their production that is capable of closing the income gap between rural and urban areas.

This needs to be seen against the background of the impact of the process of CAP reform on the EU's global trading position in various cereals markets (see section 2.1 above)

2.4 Debates on the impact of EU support instruments

The shift from product-specific support to decoupled payments has had an impact on the production of individual cereals and the distribution of cereals production across the EU.

Technological progress continues to increase yields, but at a slower rate in EU15 countries than in the EU10. Indeed figures from COPA-COGECA suggest that between 2009/10 and 2010/11, yields in EU15 countries outside the wheat sector are set to decline with the application of fewer inputs, following on from a major cost squeeze. Yields in EU10 countries, however, will continue to increase for most cereals (although with a marginal yield decline of 0.5% for maize), since there is more scope for the adoption of existing innovations. If this decline in yields is to be reversed, a recovery in EU market prices for cereals or some other vehicle for insulating EU farmers from escalating inputs costs will be essential. EU projections for future cereals production assume such a resumption in yield growth, with a 17% increase in EU27 cereals production being projected between 2007 and 2015, wheat production increasing 20.3% and coarse grain production rising a mere 12.9%. This increase however is not projected to attain the levels of production which prevailed in 2008, when world market prices were at their peak.

Overall decoupling has made EU production more responsive to price changes, with the transmission of high world market prices onto EU markets in 2008 resulting in a 21% increase in EU cereals production. Similarly, according to farmers' leaders, price declines in 2009 have resulted in lower levels of planting and application of fertilisers and crop protection products, resulting in the 2009/10 season in a projected 8.3% decline in EU27 wheat production, a 8.6% decline in barley production, a 10.1% decline in maize production, a 9.6% decline in rye production and a 12.1% decline in oats production. However there appears to be a floor to these declines, with wheat production projected to recover in the 2010/11 season as crop patterns change across the cereals sector. In this context it should be noted that with decoupling, production has become much more responsive to the relative price levels of different cereals, oilseeds and protein crops. In addition, a variation in area, yield and production trends is apparent between EU15 and EU10 countries. This strongly suggests that high global prices will lead to a strong EU production response, while the EU production response to lower global prices will be more limited, given the measures set in place to limit the negative effects of price instability on the production base in the EU.

Clearly EU cereals production is becoming more responsive to price signals. This is in line with a fundamental objective of CAP reform, namely ensuring that EU farmers are more responsive to global market price signals and the relative prices of different cereals and their associated input costs. However, this does not mean that EU production decisions are now determined by global market forces: as highlighted by the difference between the price and production outcomes of the reference scenario and liberalisation scenario under the Scenar 2020-II study, current EU policy instruments serve to sustain EU cereals production at higher levels than would otherwise be the case. As the EC evaluation of the durum wheat sector pointed out, in the absence of support the area under durum wheat would fall a further 18% if prices reverted back to 2006 levels, or 4% if prices and costs stayed at 2008 levels.

In addition, in an era of increased price instability there is a growing concern over the impact of price declines on the production base, hence the increased EU policy emphasis on safety nets, issues related to new market management tools and the functioning of the food supply chain. A critical issue arising in this context is what impact the use of these new EU policy instruments will have on ACP cereals sectors, and how these impacts will be transmitted.

2.5 Non-tariff barriers and the cereals product trade

In June 2007 the EU cereals industry called on the EC to systematically remove tariff and non-tariff barriers to the export of EU cereal-based food products, with particular emphasis being placed on the elimination of non-tariff barriers to trade. In the course of the second half of 2007 this saw the inclusion of provisions limiting or prohibiting the use of quantitative restrictions and other non-tariff barriers to trade in a number of interim EPAs, notably those in the Southern African Development Community (SADC), East African Community and Eastern

and Southern Africa negotiating configurations. Indeed, in a number of instances these called for the elimination of all prohibitions and restrictions on imports upon entry into force of the agreement, unless otherwise specified in the agreements.

In an era of heightened global cereals price instability, these provisions are seen as highly problematical in those ACP countries whose governments use import licensing, quantitative restrictions or infant industry protection mechanisms as a means of ensuring local markets for local cereals production, and/or as a vehicle for promoting greater local value-added processing within the cereals value chain. These provisions are seen as being particularly problematic given the absence of specific dedicated agricultural safeguard measures in the IEPAs (although there is a general safeguard provision in all IEPAs) and the absence of any recognition of and respect for existing infant industry protection provisions in regional trade agreements.

These provisions therefore give rise in ACP countries to concerns that are perhaps best illustrated by the case of Namibia, where effective use is made of these policy tools to sustain domestic cereals production and promote local value-added processing of cereals for local markets. A 2007 report on the Namibian cereals sector noted that the dismantling of the existing policy measures in the cereals sector in Namibia would mean that 'irrigated crop production would cease to exist'. In addition, 'Namibia's national food-security situation would increasingly rely on volatile regional and international supply of staple food commodities, and the end-consumer's vulnerability to regional and world market demand and supply factors and consequent commodity-price fluctuations would significantly increase'. These Namibian concerns bear a remarkable similarity to concerns expressed by EU farmers' organisations in the context of severe price declines since the 2008 price peaks.

It is in this context that the 'prohibition of quantitative restrictions' contained in Article 35 of the draft SADC-EU IEPA has proved so controversial. It is estimated that the implementation of this measure would result in an immediate economic loss in the wheat and maize sectors of N$113.7 million and N$96.5 million respectively (approx. €11.41m and €9.69m at April 2010 rates). It is against this background that in the course of 2009 the Namibian government, in alliance then with South African and Angolan governments, sought a modification of the IEPA draft text to ensure that continued use could be made of domestic policy tools for the promotion of food security and agricultural development, specifically the use of import-licensing arrangements and other market regulations for trade in sensitive product chains, which were consistent with Article 29 of the Southern African Customs Union agreement. At an EPA negotiating session in Swakopmund in March 2009, an acceptable agreement was reached on this point of vital interest to the Namibian cereals sector. However no agreement could be reached on the basis for the integration of a modified provision into the text of the draft agreement prior to signing. The issue thus remains unresolved.

Similar concerns have arisen in other EPA agreements although, with the specific wording of these individual agreements and the circumstances of national cereals sectors varying somewhat, the course of discussions on this issue has varied from region to region and from country to country. There remains however a common concern to retain the right to use policy tools that can be useful in preventing any undermining of the underlying production base for cereals production in an era of increased price volatility.

3 Implications for the ACP

With most ACP countries being net food-importing countries, low cereal prices generally benefit ACP consumers. Conversely, high cereal prices can increase food insecurity and drive millions into dire poverty. On the production side, high prices can serve to stimulate local production, while low cereals prices can serve to undermine cereals production in ACP countries. With higher average prices projected over the coming period against a background of increased price volatility, ACP governments are concerned that they could end up with the

worst of both worlds: consumers suffering from rising prices, while the local base for cereals production is periodically undermined by dramatic price declines. There is a major concern to avert such an outcome, particularly given overall projections for population growth and the impact of climate change on African food production, both of which are set to greatly increase food insecurity across ACP regions, though most notably in Africa. While addressing issues of agricultural productivity and competitiveness will be of paramount importance, the trade-policy framework established will also have an important bearing on overall national production and food security.

A similar concern can be detected in the EU, where concerns over the impact of price instability on the cereals production base has given rise to an intensifying debate on how to effectively insulate EU farmers from the worst effects of price instability, given the general policy thrust towards a decreased use of traditional trade policy instruments and moves towards progressive agricultural trade liberalisation. Given the similar underlying concern of EU and ACP governments with regard to the impact of price volatility on the underlying production base, a critical policy challenge from an ACP perspective is how to ensure that EU policies designed to insulate EU farmers from the worst effects of price declines do not simply transfer the burden of adjustment to global markets to ACP cereals producers.

In a context of increased price instability and concerns that this should not be allowed to undermine the national agricultural base of production, there is a need to review the use of traditional trade policy tools in support of cereals-sector development in some ACP countries. This would appear to be particularly important, given the growing food-security challenges that will face African governments in the coming period, and the limited capacity of African governments to use the types of financial instruments increasingly favoured by the EU as a vehicle for insulating EU farmers from the worst effects of price declines.

In this context it should be recalled that while in the course of 2007, in the face of exceptionally high global food prices, the EU set import tariffs and export refunds for a range of cereals at zero, they did not eliminate the use of these policy tools. Indeed, when prices subsequently fell dramatically on the back of the global economic downturn, import tariffs and export refunds were reintroduced and ceilings on national financial aid to farmers were raised. The EU thus continued to use such trade policy tools, despite, in the case of export refunds, a recognition of the trade-distorting effects of the use of such tools.

It should be noted that in the current discussions on the future of the CAP, while EU cereal farmers' organisations recognise the move away from the use of traditional trade policy tools, they are insistent that this should only occur when alternative policy tools that can effectively insulate EU farmers from the worst effects of price instability are in place.

A similar approach would appear to be appropriate in ACP countries, given the greater importance of domestic production to food security in many ACP countries and the fiscal constraints faced by most ACP governments in moving away from the use of traditional trade policy tools to using the kind of financial tools and other policy measures now increasingly favoured by the EU.

Annexes

Table A.1: COPA-COGECA projections for EU27 cereals production, area and yield in 2010/11, compared to 2009/10

EU27	Production (%)	Area (%)	Yield (%)
Soft wheat	+2.1	+2.3	0.2
Durum wheat	+0.6	- 0.7	+1.3
Total wheat	+2.1	+2.0	+0.1
Maize	- 1.5	- 0.6	- 0.9
Barley	- 8.2	- 5.2	- 3.2
Rye	- 11.3	- 3.3	- 8.2
Total coarse grains	- 5.3	- 3.3	- 2.0
Total cereals	- 1.8	- 1.0	- 0.8

Source: Extracted from COPA-COGECA forecasts for EU cereals production, 26 March 2010
http://www.copa-cogeca.be/Main.aspx?page=Archive&lang=en

Table A.2: COPA-COGECA projections for EU15 cereals production, area and yield in 2010/11, compared to 2009/10

EU15	Production (%)	Area (%)	Yield (%)
Soft wheat	+2.9	+4.1	-1.1
Durum wheat	+0.8	-0.4	+1.3
Total wheat	+2.7	+3.3	-0.6
Maize	-2.9	-2.2	-0.8
Barley	-10.4	-7.2	-3.5
Rye	-19.9	-7.4	-13.5
Total coarse grains	-8.0	-6.1	-2.1
Total cereals	-8.0	-1.7	-1.0

Source: Extracted from COPA-COGECA forecasts for EU cereals production, 26 March 2010
http://www.copa-cogeca.be/Main.aspx?page=Archive&lang=en

Table A.3: COPA-COGECA projections for EU10 cereals production, area and yield in 2010/11, compared to 2009/10

EU10	Production (%)	Area (%)	Yield (%)
Soft wheat	-0.1	-0.6	+0.6
Durum wheat	0.0	0.0	0.0
Total wheat	-0.1	-0.6	+0.5
Maize	+1.5	+2.1	-0.5
Barley	+2.0	+0.8	+1.2
Rye	-0.3	-0.6	+0.2
Total coarse grains	+0.9	+0.5	+0.4
Total cereals	+0.9	+0.1	+0.4

Source: Extracted from COPA-COGECA forecasts for EU cereals production, 26 March 2010
http://www.copa-cogeca.be/Main.aspx?page=Archive&lang=en

Table A.4: Total cereals projections for EU27 production, consumption, imports and exports (million tonnes)

Year	Production	Consumption	Imports	Exports	Net trade
2007	257.7	267.9	26.7	22.4	-4.3
2008	311.9	270.9	9.4	30.5	+21.1
2009	293.0	271.8	8.4	29.9	+21.5
2010	287.7	272.1	11.3	27.4	+16.1
2011	291.0	273.1	9.2	27.2	+18.0
2012	293.6	275.9	9.6	26.3	+16.7
2013	296.2	279.5	9.6	27.7	+18.1
2014	299.0	283.2	10.4	25.6	+15.2
2015	302.0	288.0	10.5	25.3	+14.8

Source: Extracted from 'Prospects for agricultural markets and income in the EU 2008-2015', EC, March 2009
http://ec.europa.eu/agriculture/publi/caprep/prospects2008/fullrep_en.pdf

Table A.5: Wheat projections for EU27 production, consumption, imports and exports (million tonnes)

Year	Production	Consumption	Imports	Exports	Net trade
2007	119.9	117.4	6.0	12.5	+6.5
2008	150.2	125.5	5.7	19.8	+12.1
2009	137.7	126.4	4.9	17.0	+12.1
2010	136.1	126.0	6.9	16.9	+10.0
2011	138.1	126.1	5.6	17.6	+12.0
2012	139.4	126.8	5.7	17.2	+11.5
2013	140.7	128.8	5.8	17.3	+11.5
2014	142.3	130.9	5.9	16.8	+10.9
2015	144.2	133.9	5.9	15.5	+9.6

Source: Extracted from 'Prospects for agricultural markets and income in the EU 2008-2015', EC, March 2009
http://ec.europa.eu/agriculture/publi/caprep/prospects2008/fullrep_en.pdf

Table A.6: Percentage change in EU agricultural commodity prices (Dec 2008 – Dec 2009)

	Soft wheat	Durum wheat	Maize	Barley
EU27 average	-6%	-17%	+10%	-7%

Source: Extracted from 'Update on price developments in international agricultural commodity markets', EC, file note, doc. ref. D(2010) agri.l.5(2010) 39821, 22 January 2010
http://ec.europa.eu/agriculture/analysis/tradepol/commodityprices/012010_en.pdf

Table A.7: Total extra-EU27 exports of food and drink, by main category (value in million euros)

	2000	2006	2007	2008	Average annual increase 2000-2008	Share in total food and drink 2008	Share in total EU trade 2008
04 Cereals and preparations	6,066	5,824	6,716	9,978	6.4%	14.6%	0.8%

Source: 'Statistics in Focus', EUROSTAT, 78/2009
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agritrade

Launched by CTA (Technical Centre for Agricultural and Rural Cooperation EC-ACP) in 2001, the Agritrade website (http://agritrade.cta.int) is devoted to agricultural trade issues in the context of ACP (Africa, Caribbean and Pacific) – EU (European Union) relations. Its main objective is to better equip ACP stakeholders to deal with multilateral (World Trade Organization - WTO) and bilateral (Economic Partnership Agreement – EPA) negotiations. Thus it provides regular and updated information and analysis on technical aspects of the trade negotiations, developments in the CAP and their implications on ACP-EU trade, as well as on major commodities (bananas, cereals, sugar, fisheries, etc).

CTA was created in 1983 in the framework of the Lomé Convention between ACP (Africa, Caribbean, Pacific) and EU (European Union) countries. Since 2000, the Centre has been operating under the ACP-EU Cotonou Agreement. CTA's tasks are to develop and provide services that improve access to ever-changing information for agricultural and rural development, and to strengthen the capacity of ACP countries to produce, acquire, exchange and use information in this area.

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