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Report Highlights:

High feed and energy prices and environmental restrictions are pressuring both cattle and swine farmers in the European Union (EU), leading to a reduction in operations. National implementation of the EU's Common Agricultural Policy is not anticipated to curb the continued decline in beef production, as EU Member States are expected to increasingly focus on support for smaller farms. With lower domestic production, EU beef imports are forecast to recover to near pre-coronavirus levels in 2023. In addition to high input prices, the EU swine sector faces reduced domestic and export demand. The negative market factors collectively led to a record drop in the total swine and sow stock in 2022. With a smaller breeding herd, the supply of animals for slaughter is expected to fall this year. The lower availability of animals for slaughter will also compel the sector to restructure. In 2023, pork exports are projected to fall back to 2016-2019 levels.

Executive Summary – A Restructuring of the EU Livestock Sector is Anticipated.

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 term EU refers to the current EU27 (without the UK).

Cattle and Beef – Beef Production is Forecast to Fall for the Fifth Successive Year.

High feed and energy prices and environmental restrictions are pressuring cattle farmers in the European Union (EU) leading to a continued decline in operations. The future of the EU beef cow herd, however, is more dependent on the implementation of the EU's Common Agricultural Policy (CAP). National strategic plans are not anticipated to curb the continued decline in production, as EU Member States are expected to increasingly focus on support for smaller farms. Despite record high milk prices, the EU dairy cow herd is also shrinking. With the shrinking cow herd and reduced supply of young animals, cattle slaughter is declining. In anticipation of increased availability of feed and fodders beginning in the spring of 2023, farmers are forecast to hold to their cattle longer and slaughter their animals at a higher weight in 2023. However, the higher slaughter weights will not be sufficient to offset the declining rate of slaughter, and, in turn, EU beef production is estimated to further decline this year. Despite the lifting of the COVID-19-related lockdowns, beef consumption has not yet fully recovered to pre-corona levels due to high levels of food inflation. Nevertheless, with the lower domestic production, EU beef imports are forecast to recover to near pre-corona levels in 2023.

Swine and Pork – Significant Lower Supply of Hogs Will Encourage the Sector to Restructure.

Like the cattle sector, the EU swine sector is being challenged by high input costs and environmental restrictions. However, the swine sector is also being pressed by two additional factors -- namely African Swine Fever (ASF) outbreaks in Central Europe and the reduced demand for pork from China. With declining sales to China, EU exporters have diversified their export destinations. However, these alternative, mainly Asian, markets cannot make up for the lost volumes shipped to China. Furthermore, domestic consumption is dwindling, particularly in Germany. These negative market factors collectively led to a record drop in the total swine and sow stock in 2022. With a smaller breeding herd, the supply of animals for slaughter will inevitably fall this year. The lower availability of animals for slaughter will also encourage the sector to restructure. In 2023, pork production is forecast to decline by roughly 0.75 MMT carcass weight equivalent (CWE), and pork exports are projected to fall back to 2016-2019 levels.

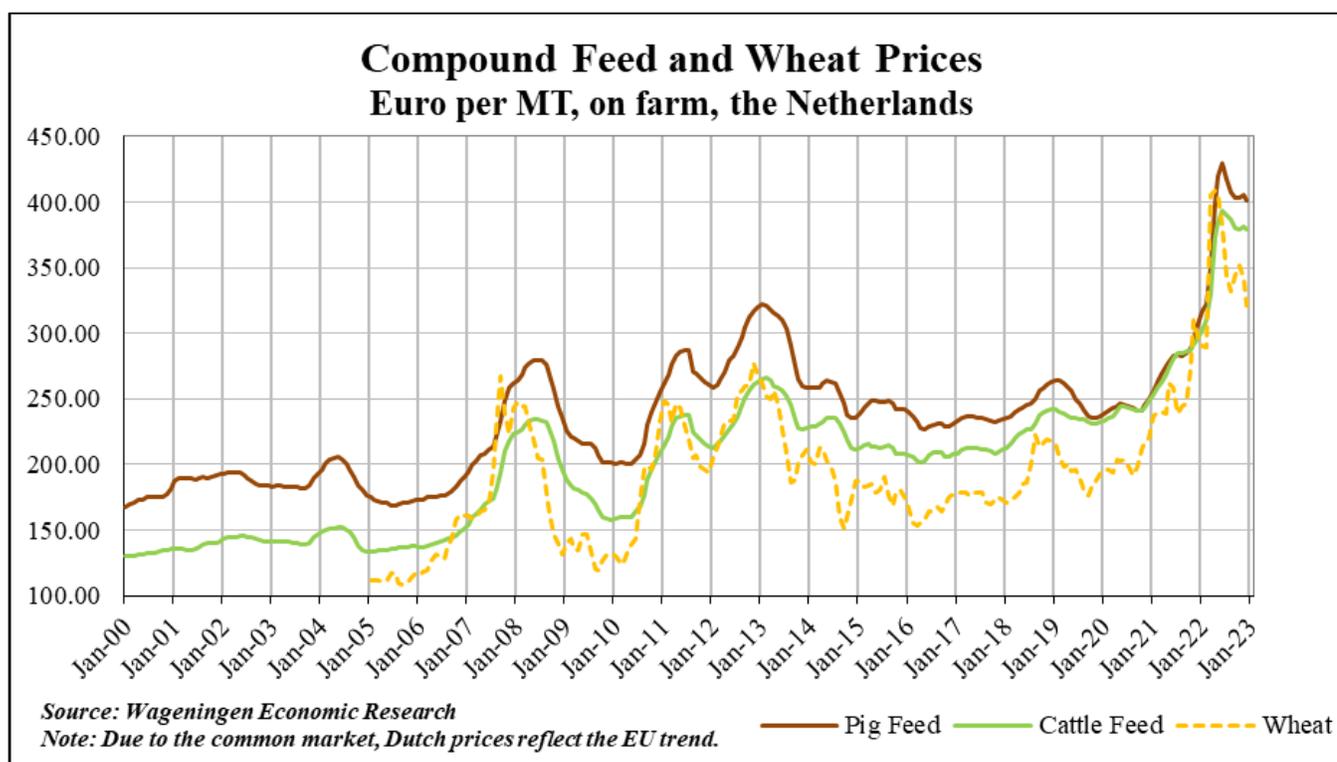
Cattle

Animal Numbers, Cattle	2021		2022		2023	
Market Year Begins	Jan 2021		Jan 2022		Jan 2023	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks	76,499	76,499	75,655	75,705	74,620	74,856
Dairy Cows Beg. Stocks	20,514	20,522	20,204	20,213	19,950	20,088
Beef Cows Beg. Stocks	10,699	10,718	10,554	10,565	10,450	10,424
Production (Calf Crop)	24,770	24,810	24,500	24,450	24,250	24,300

Total Imports	15	15	12	13	12	13
Total Supply	101,284	101,324	100,167	100,168	98,882	99,169
Total Exports	987	1,014	900	973	880	920
Cow Slaughter	10,296	10,296	10,250	10,265	10,200	10,200
Calf Slaughter	5,958	5,958	5,950	5,880	5,900	5,830
Other Slaughter	7,193	7,193	7,200	7,005	6,900	6,970
Total Slaughter	23,447	23,447	23,400	23,150	23,000	23,000
Loss and Residual	1,195	1,158	1,247	1,189	1,212	1,169
Ending Inventories	75,655	75,705	74,620	74,856	73,790	74,080
Total Distribution	101,284	101,324	100,167	100,168	98,882	99,169

(1,000 HEAD)

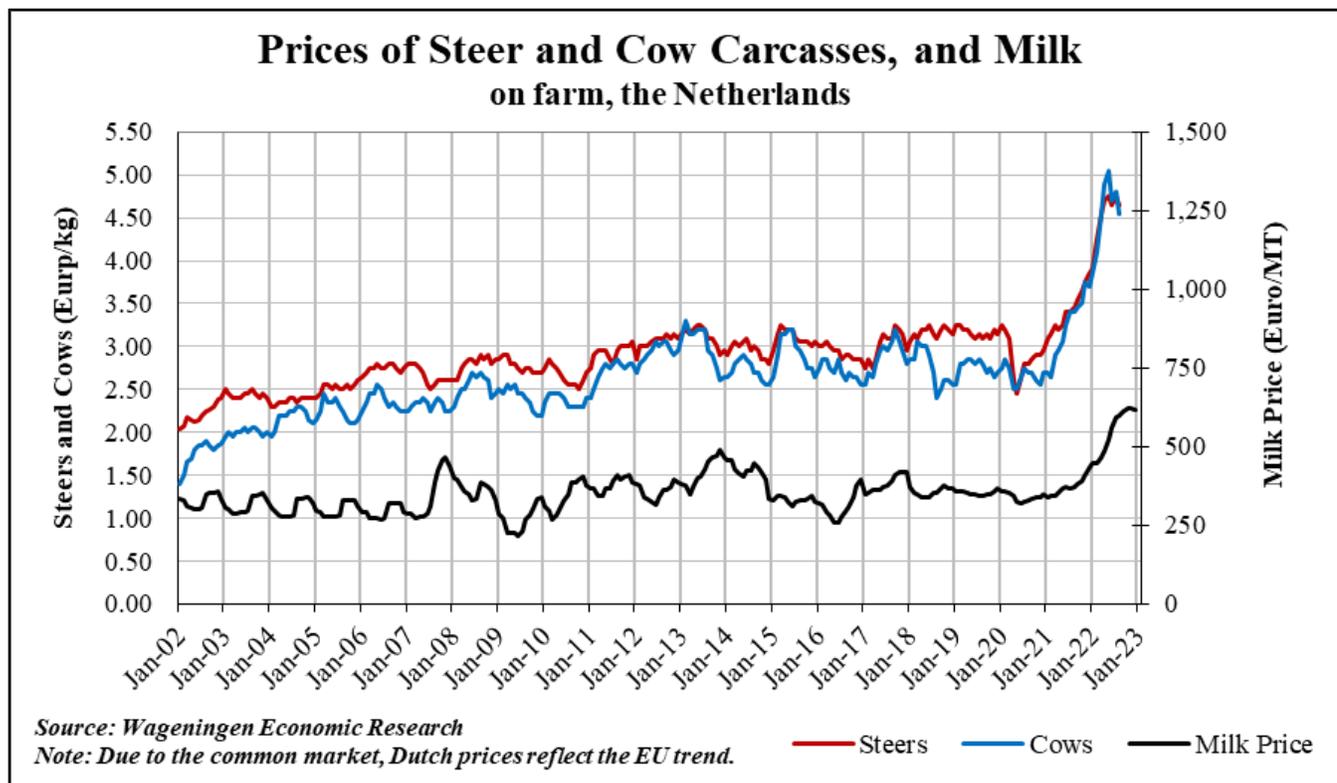
Not official USDA data. Source: Eurostat and FAS Offices. Includes backyard slaughter.



High Input Prices and Environmental Restrictions Compel Cattle Farmers to Cease Operations

The EU cattle herd is on the decline and, as previously forecast in the [Annual](#), this trend is anticipated to continue in 2023. From 2020-2022, the annual reductions in the herd, as reported by the official Eurostat December census, were -0.86 percent, -1.04 percent, and -1.12 percent, respectively. FAS projects the cattle herd will decline by roughly one percent this year, continuing the sustained contraction of the cattle herd. Both dairy and beef cattle farms have been hit by the limited availability of fodders and high feed prices (see graph above -- for more information see the [EU Grain and Feed Fall Update](#), published on December 1, 2022). However, it should be noted that feed and fodder prices differ throughout the EU Member States. In Northwestern Europe (mainly Belgium and the Netherlands) 2022 grass production recovered from the previous years' droughts. While in the Balkans (mainly Bulgaria and Romania), feed

mills and larger livestock operations began to import Ukrainian corn and wheat, which reduced prices to near pre-war levels. The structural unprofitability of the sector has been further exacerbated by high energy prices and labor shortages. Cattle farmers are abandoning the industry, not only due to rising costs but also due to a lack of successors. Another growing challenge for the industry is increased environmental restrictions. For example, in the Netherlands, the government aims to reduce overall Dutch nitrogen emissions in all sectors by fifty percent by 2030, pressuring livestock producers. For more information see, e.g., GAIN Report – [Nitrogen Report Delivered to the Dutch Government](#), published October 14, 2022.



The Future of the Beef Cow Herd Depends on the Implementation of the CAP

The reduction of the herd is most pronounced in the beef sector. The most significant cuts were reported in Poland and France. As previously indicated, the decline in inventories is mainly driven by increasing input prices. Additionally, the new EU Common Agricultural Policy (CAP; see Policy section of this report) may negatively impact beef cattle feedlot farmers. The Spanish sector expects a reduction of almost 70 percent of EU CAP support for most of its beef producers. Due to this, a restructuring of the sector is expected in the coming years to try to weather the impact of these changes. A similar restructuring is anticipated in Central Europe. An important impetus for the past expansion of the Central European beef cow herd was government financial support. On December 14, 2022, all national strategic plans of the new CAP policies were approved by the European Commission (EC), but the implementation in January 2023 is likely to be delayed. The national strategic plans are not anticipated to curb the decline in the bloc’s herd, as governments are expected to increasingly focus on support for smaller farms.

Despite Record Milk Prices, the EU Dairy Cow Herd Shrunk in 2022

In some EU Member States (Austria, Italy, and the Netherlands), the dairy cow herd expanded, able to take advantage of high milk prices (see graph above). However, in most EU Member States, the dairy cow herd continued to contract, or, at best stabilized. In 2022, the most significant dairy herd reductions were reported in France, Germany, Croatia, and Bulgaria. The reduced size of the EU dairy cow herd is even outpacing its efficiency, meaning increasing milk deliveries per cow are not making up for the reduction of cows. This has led to a decline in total EU milk deliveries for the first time since 2009. For more information see the GAIN report – [Dairy and Products Annual](#), published on October 21, 2022.

EU Policies May Further Restrict EU Cattle Exports

With the shrinking cow herd and reduced supply of young animals, domestic slaughter and the export of live cattle to third countries is falling. In 2022, breeding cattle exports fell to both Russia and Turkey, as did exports of cattle for slaughter to Morocco and Libya. EU live cattle exports rose most significantly to Egypt (adult animals for breeding) and the United Kingdom (calves). While the EU has a wide range of export destinations, its overseas options are declining as animal protection associations continue to issue allegations of EU animal welfare violations. EU Animal Welfare legislation on animal transport, which is expected sometime in 2023, may further limit live cattle exports (for more information, see the Policy section). The two leading EU exporters of live cattle to third countries are Romania and Spain, but the sectors in both countries have expressed concern about the viability of their live cattle trade with third countries. From 2021-2023, slaughter will decline due to the reduced supply of animals. Despite falling inventories, the lack of farmer profitability is expected to keep slaughter at a relatively high level. Accordingly, the herd is projected to further decline to 74.1 million animals by the end of calendar year 2023.

Beef

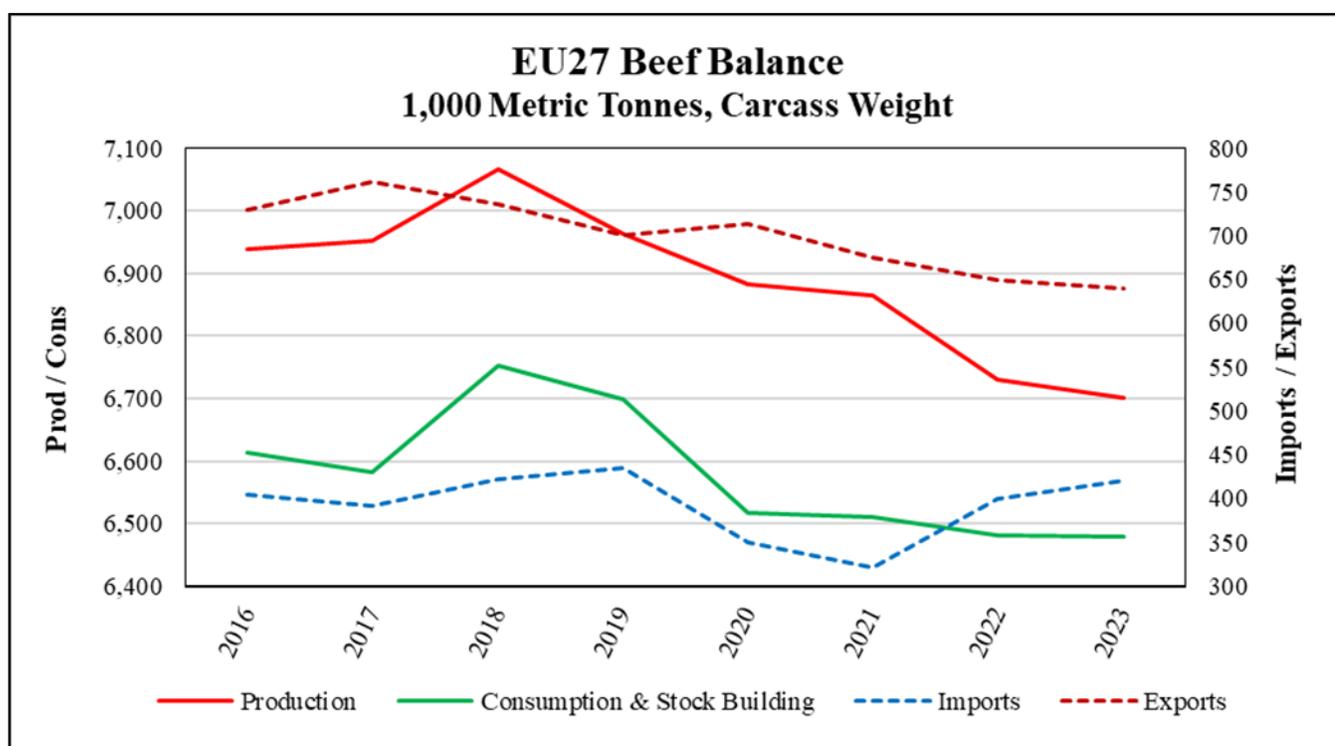
Meat, Beef and Veal Market Year Begins	2021		2022		2023	
	Jan 2021		Jan 2022		Jan 2023	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	23,447	23,447	23,400	23,150	23,000	23,000
Beginning Stocks	0	0	0	0	0	0
Production	6,865	6,865	6,790	6,730	6,700	6,700
Total Imports	321	321	400	400	410	420
Total Supply	7,186	7,186	7,190	7,130	7,110	7,120
Total Exports	675	675	675	649	650	640
Human Dom. Cons.	6,511	6,511	6,515	6,481	6,460	6,480
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	6,511	6,511	6,515	6,481	6,460	6,480
Ending Stocks	0	0	0	0	0	0
Total Distribution	7,186	7,186	7,190	7,130	7,110	7,120

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

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

Reduced Slaughter and Lower Weights are Reducing Beef Production and Exports

EU beef production has been declining year-on-year since 2018. Over the past four years, this trend has been partly caused by reduced slaughter weights. The main reason for lower weights last year were high feed prices (for more information see the Cattle section). To keep businesses profitable, farmers expedited slaughter and slaughtered at a lower weight. In anticipation of increased availability of feed and fodders from the spring of 2023, farmers are expected to hold on to their cattle longer and slaughter their animals at a higher weight in 2023. However, the higher weights will not offset the falling slaughter levels and, as a result, EU beef production is projected to further decline this year. With lower volumes of domestically produced beef, EU exports are also expected to fall. EU beef exports fell to almost all the bloc's twenty leading export destinations in 2022, except for the United Kingdom, Israel, and Morocco. The United Kingdom was the only foreign market that saw a significant increase in beef exports, with an additional volume of 50,000 MT CWE (for both chilled and frozen beef).



EU Beef Imports Recovered After Lifting the Lockdowns

EU beef imports peaked at 435,000 MT CWE in 2019. However, due to the food service lockdowns during the coronavirus pandemic, EU imports fell to 350,000 MT CWE in 2020, and to 321,000 MT CWE in 2021. With the lifting of the lockdowns, and resultant recovery of consumption, EU beef imports recovered to 400,000 MT CWE in 2022. In 2022, the EU food service's demand for beef increased, particularly in Southern Europe (buoyed by the revival of tourism). In 2022, the most significant import increases were reported for chilled boneless beef from the United Kingdom and Argentina. This year, EU beef imports are forecast to further recover to pre-coronavirus levels. However, total domestic consumption is expected to remain flat due to the rising price of beef. In Central Europe, food inflation passed 25 percent and began to significantly affect meat consumption. Note that consumption is also increasingly trending toward minced meat versus muscle (more expensive meat) in the region. The European market for meat replacers has also been hit, based on its relatively

high price compared to meat. Overall, EU beef consumption is anticipated to stabilize in 2023, as rising beef prices are outbalancing increased consumer interest coming out of the pandemic-related lockdowns.

Swine

Animal Numbers, Swine	2021		2022		2023	
	Jan 2021		Jan 2022		Jan 2023	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Beginning Stocks	145,843	145,843	141,656	141,681	140,200	134,330
Sow Beginning Stocks	11,248	11,255	10,879	10,883	10,700	10,382
Production (Pig Crop)	254,190	254,200	249,000	240,500	248,000	236,000
Total Imports	27	27	22	22	25	25
Total Supply	400,060	400,070	390,678	382,203	388,225	370,355
Total Exports	964	964	1,000	980	1,000	970
Sow Slaughter	3,968	3,973	3,900	4,177	3,880	3,900
Other Slaughter	247,941	247,936	240,100	236,823	238,620	228,600
Total Slaughter	251,909	251,909	244,000	241,000	242,500	232,500
Loss and Residual	5,531	5,516	5,478	5,893	5,325	5,085
Ending Inventories	141,656	141,681	140,200	134,330	139,400	131,800
Total Distribution	400,060	400,070	390,678	382,203	388,225	370,355

(1,000 HEAD)

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

The Swine Sector Faces Major Production Challenges and Reduced Demand for Pork

The EU swine herd peaked in 2017 (145.5 million head) and again in 2020 (145.8 million head) but is once again on the decline. The main reason for a decline in the size of the herd is the same as reported for the EU cattle sector: high input prices and environmental restrictions. However, the EU swine sector is pressed by two additional factors -- namely African Swine Fever (ASF) outbreaks in Central Europe and reduced demand for pork from China (for more information about the latter see the Pork section of this report). The shrinking supply of hogs is creating competition between European slaughterhouses leading to increased prices (see graph below). Due to relatively high prices, the most efficient breeding and fattening farms still operate at a profit. However, for most swine farmers, the elevated carcass price barely compensates for the increased costs of feed and energy. For more information about the Spanish sector see the statistics of the [Spanish Ministry of Agriculture](#), and for the Dutch sector see the statistics of [Wageningen University and Research](#).

The German and Danish Sectors are Under Pressure

The recent publication of the Eurostat December census revealed a record drop in the size of the EU's swine herd. In 2022, the EU swine herd shrunk by more than five percent. The most significant reductions were seen in Germany, Denmark, France, and Poland, and, to a lesser extent, in Spain, the Netherlands, Belgium, Austria, Romania, Bulgaria, Hungary, and the Czech Republic. All but one of the EU's Member States failed to realize a significant increase in swine inventories or slaughter in 2021 and 2022, nor are they forecast to see growth in 2023. The only exception is Italy, where the swine and sow

herd increased in 2022 based on recovering demand for cured meat. The German sector suffered from ASF outbreaks in the country's wild boar population which resulted in an import ban from China - the most important export market for German producers. Simultaneously, increased regulations were reportedly burdening farmers. Regulations are mostly implemented on a national basis and not at the EU level. The situation was exacerbated by significant price increases for inputs like energy, fertilizer, and feed in 2022, further cutting revenues for German hog farmers. The crisis in the German sector has also had a negative effect on the Danish swine sector, as they are interconnected. Another blow for the Danish sector is the plummeting demand for pork in China. The Danish sector has reportedly increased its focus on profitability and, to a lesser extent, on producing volumes for export to third countries. The increased focus on the domestic market is compelling the Danish sector to reorganize its operations in Germany (for more information see a [press release](#) from Denmark's leading pork producer, Danish Crown). While not as severe as has been reported for the German sector, the French swine industry's challenges are also structural. The main difference is that French pork consumption is rising slightly while German consumption is on a steep decline.

ASF Continues to Trouble the Central/Eastern European Swine Sector

Despite a significantly lower number of ASF outbreaks in 2022, compared to previous years, Polish pork export opportunities remain limited. According to Polish government data, twenty percent of the country's swine farms vacated the industry in 2022. Most were smaller farms, but the bigger ones also faced constraints in expanding production. In 2022, two support programs were offered for Polish pig farmers for the production of sows (for more information see the [Annual](#)). Backyard farming plays a crucial role in the spread of ASF. However, in Romania, a draft law prohibiting swine breeding in backyard farms was put on hold, due to a lack of agreement among various entities on who bears responsibilities for implementing the legislation. Despite an improved ASF situation, the Romanian swine herd continued to decline. For more information see the GAIN report - [Romanian Swine Herd Continues Sliding](#), published December 9, 2022. In contrast, Bulgarian authorities implemented legislation, which is limiting backyard farming and supporting the further commercialization of the sector.

The Spanish Sector Retained Its Position as the Largest Pork Exporter in the World

Since 2020, Spain has taken over Germany's position as the largest EU pork producer. In the same year, Spain also became the largest pork exporter in the world, surpassing the United States. However, the Spanish sectors profit margins eroded in 2022 due to high input prices and diminished demand from China (for more information see the GAIN Report - [High Input Prices Limit Expansion of Spanish Meat Production](#)). In fact, in 2022, Spanish slaughter declined for the first time since 2013. In addition, pig production in Spain has been affected by several Porcine Reproductive and Respiratory Syndrome (PRRS) outbreaks in Catalonia and Aragon that have lowered productivity. The Spanish sector is bringing its production in line with the [EU's Green Deal](#) and is aiming to maintain its position as the EU leader in pork production as well as its position as the largest pork exporter in the world (\$7 billion in 2022).

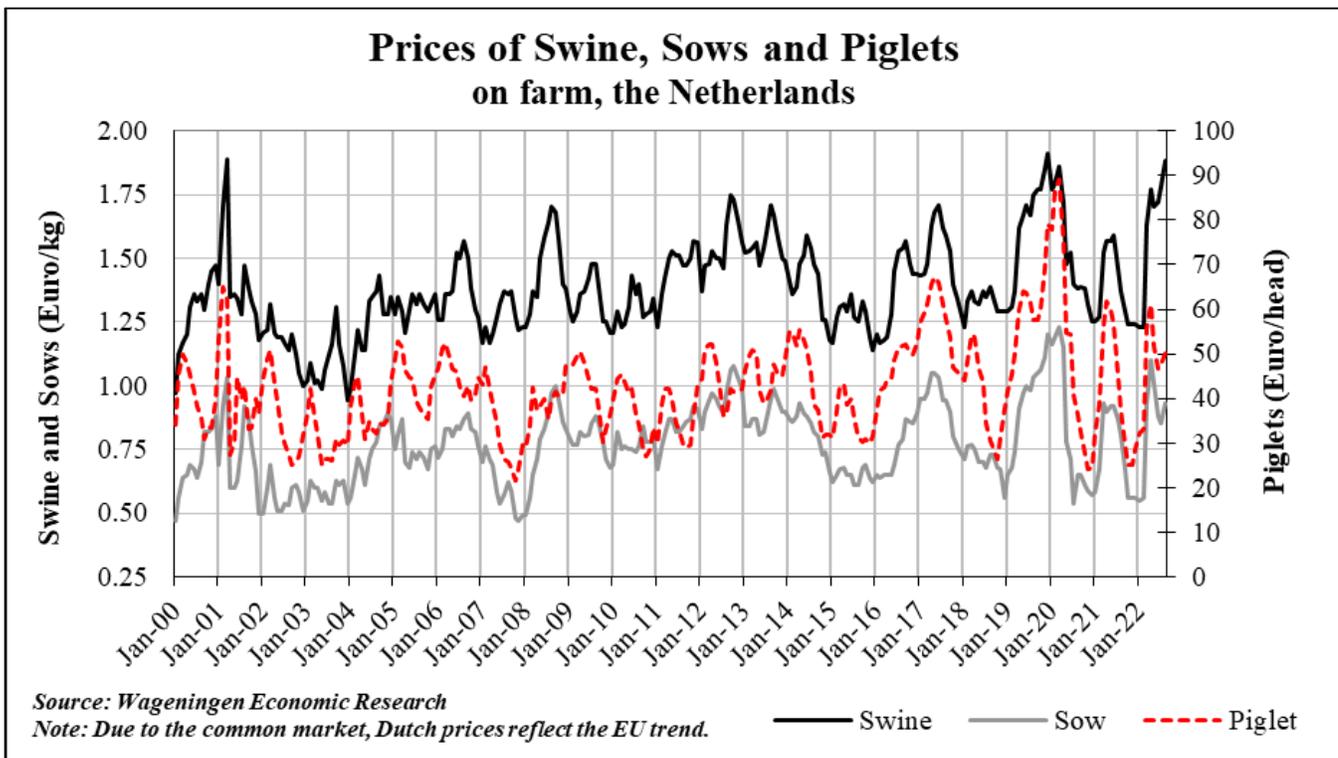
The Dutch and Belgian Swine Sectors are Facing Environmental Challenges

In the Netherlands, potential environmental restrictions played an important role in the shrinkage of the country's swine herd. The Dutch government is aiming to reduce livestock production to reduce nitrogen emissions. In addition to the dairy sector, the swine sector is one of the livestock sectors which will be most affected. For more information see, e.g., GAIN Report – [Nitrogen Report Delivered to the](#)

[Dutch Government](#), published October 14, 2022. The newly appointed Minister of Agriculture, Piet Adema, aims to develop an agricultural accord with the Dutch sector in the first quarter of 2023. Like the Netherlands, the Belgian government aims to cut nitrogen emissions from its livestock sector. A voluntary arrangement between the Flemish government and swine sector has been delayed, leading to increased uncertainty for the future of pig farmers in Flanders.

Based on the Shrinking Sow Herd, EU Piglet Production is Not Forecast to Recover in 2023

2023 piglet production and hog slaughter forecasts are based on the recently published Eurostat December census of sow stocks. In 2023, the contraction of the breeding herd and the supply of slaughter hogs is not forecast to change, as the underlying factors -- including high feed prices and declining domestic and export sales -- are expected to remain. While feed prices are anticipated to decline with the next harvest (for more information see the [EU Grain and Feed Fall Update](#)), the EU's intensive livestock sector remains concerned that global feed supplies may be limited as a result of political crises, and new EU policies enforcing additional requirements on imports, such as the new EU deforestation regulation (for more information see the GAIN report - [European Institutions Finalize Deforestation-Free Supply Chain Regulation](#), published January 12, 2023). The lower slaughter levels expected in 2023 will likely encourage the sector to restructure. The sector strives to overcome high input prices and an evolving regulatory environment to bring the supply back in line with traditional domestic and export demand, rather than rely on exceptional market demands from third countries, particularly China. Leading companies in Northern and Southern Europe plan to focus less on quantity and more on quality, profitability, and the license to produce (given efforts to reign in carbon dioxide {CO₂} emissions and enhance animal welfare conditions).



Pork

Meat, Swine	2021		2022		2023	
Market Year Begins	Jan 2021		Jan 2022		Jan 2023	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	251,909	251,909	244,000	241,000	242,500	232,500
Beginning Stocks	0	0	0	0	0	0
Production	23,615	23,615	22,670	22,460	22,580	21,750
Total Imports	98	98	120	121	145	125
Total Supply	23,713	23,713	22,790	22,581	22,725	21,875
Total Exports	4,990	4,993	4,150	4,175	3,950	3,750
Human Dom. Consumption	18,723	18,720	18,640	18,406	18,775	18,125
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	18,723	18,720	18,640	18,406	18,775	18,125
Ending Stocks	0	0	0	0	0	0
Total Distribution	23,713	23,713	22,790	22,581	22,725	21,875

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

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

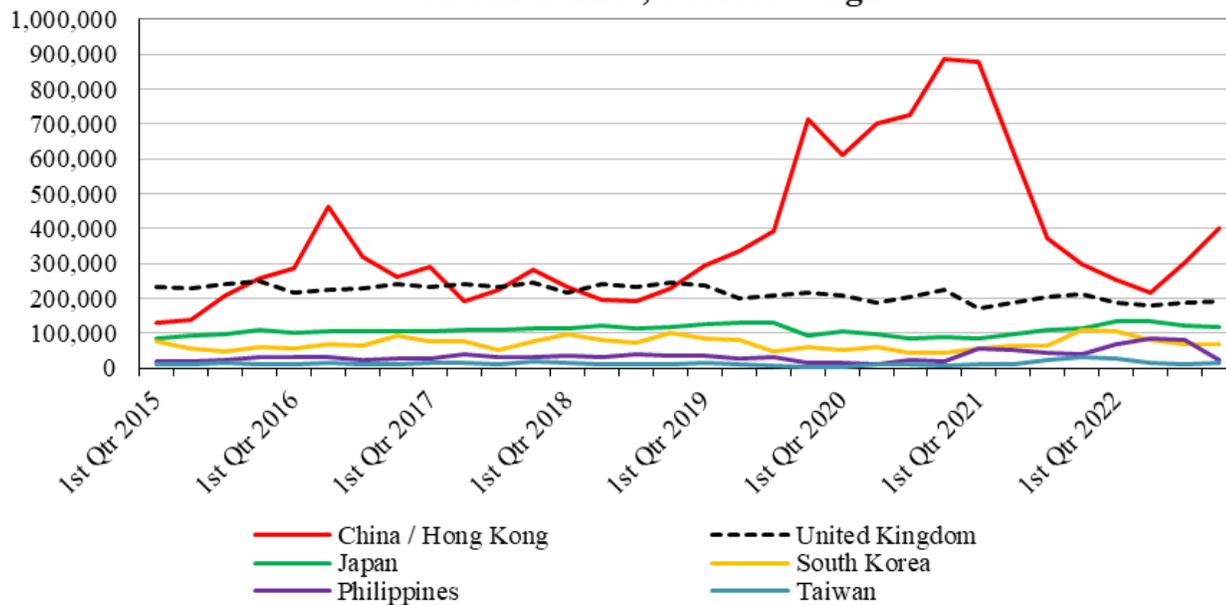
Spain and Denmark are Reorienting Export Sales to the EU Market

With declining slaughter, EU pork production fell in 2021 and 2022, and is forecast to further decline in 2023. In 2021 and 2022 the EU average carcass weight declined due to high feed prices. In 2023, the average carcass weight is anticipated to increase slightly, based on an expectation of increased availability of feed grains (for more information see the [EU Grain and Feed Fall Update](#)). In keeping with the rate of slaughter in Member States, EU pork production is expected to decline most significantly in Germany and Poland. In fact, none of the EU's Member States are projected to realize a notable increase in production in 2023. With reduced demand from China, the most competitive European producers (e.g., Spain and Denmark) are reorienting their sales to the EU market, competing with local "in-country" producers. Spain increased exports to Portugal and Germany, and to almost all EU Member States in Central Europe, most significantly to Poland. Danish producers also increased their EU sales (mainly to Germany and Poland). However, competition within the EU market is fierce as domestic demand is dwindling.

Despite Lifting of the Lockdowns, Domestic Consumption is Falling

In 2022, the domestic use (includes stock building) of pork fell, despite the revival of the tourism sector (mainly in the Mediterranean countries) and the re-opening of sports and cultural events which were closed to control the spread of the coronavirus. EU consumers showed a preference for poultry over pork based on health considerations, ease of preparation, and the relatively lower price for poultry cuts. The trend of declining domestic pork consumption is forecast to persist in 2023 (with German consumption declining the most).

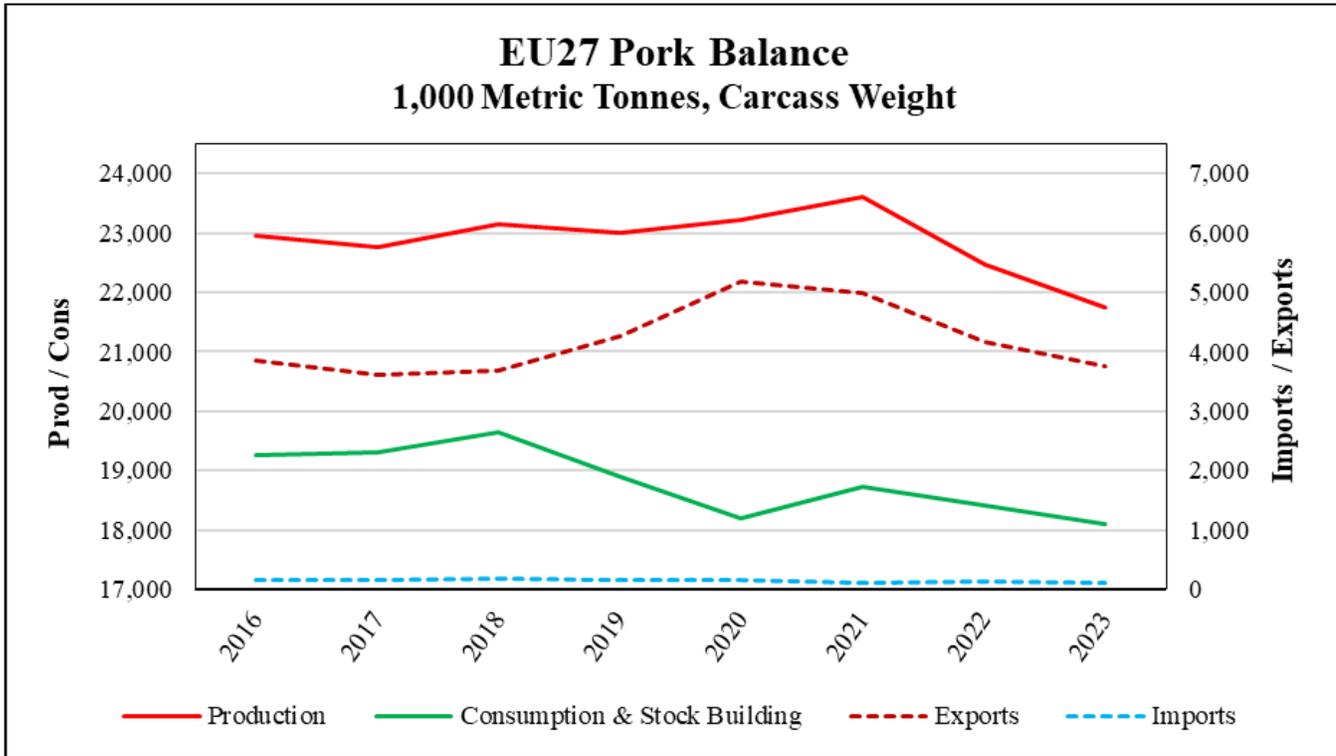
Quarterly EU27 Pork Exports Metric Tonnes, Carcass Weight



Source: TDM (last quarter FAS estimate)

The EU Sector Will Have Less Pork Available for Export in 2023

While EU pork exports fell in 2022, the export volume of 4.2 MMT CWE was still well above levels realized between 2016-2018 (about 3.6 MMT CWE). The EU swine sector, particularly the Spanish sector, successfully repositioned trade flows to other third country markets (outside of China). EU pork exports rose most significantly to Japan, South Korea, the Philippines, Taiwan, and Australia. However, these alternative markets could not fully make up for the lost volumes shipped to China. In 2023, EU pork exports are projected to further decrease. Import demand is forecast to recover in China based on the lifting of the country’s coronavirus lockdowns, and demand in other Asian markets is anticipated to remain strong. However, the EU swine sector will have less pork available for export in 2023. In addition, EU pork lost much of its competitiveness since the surge in input prices beginning in the spring of 2022.



Policy

I. Common Agricultural Policy (CAP)

The new CAP for 2023-2027 was [adopted](#) on December 2, 2021, and published in the Official Journal on December 6, 2021:

- [EU Regulation 2021/2116](#), repealing EU Regulation 1306/2013 on the financing, management, and monitoring of the CAP;
- [EU Regulation 2021/2115](#), establishing rules on support for national CAP strategic plans, and repealing EU Regulations 1305/2013 and 1307/2013;
- [EU Regulation 2021/2117](#), amending EU Regulations 1308/2013 on the common organization of the agricultural markets.

EU Member States (MS) were requested to submit so-called [Strategic Plans](#), incorporating MS specific goals and initiatives, by the end of 2021. By December 2022, all national strategic plans were approved by the European Commission (EC). The new CAP began to be implemented on January 1, 2023.

II. 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. For the food and agriculture sector, the EC adopted the [Farm to Fork](#)

[\(F2F\) Strategy](#) and the [Biodiversity Strategy](#) for 2030. The strategy targets a 50 percent reduction in pesticide use, a 20 percent reduction in fertilizer use, a 50 percent reduction in nutrient leakage in groundwater, 25 percent of agricultural land being used for organic farming, 10 percent of land being set aside for environmental areas, and an increase in nature conservation areas by 30 percent. Additionally, increased animal welfare goals and use limitations for veterinary drugs, particularly antimicrobials, are planned. 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 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, \$1.14 trillion) and a specific recovery effort, the Next Generation EU (NGUE) proposal (€750 billion, \$798 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 (\$379.1 billion) for the new CAP and Fisheries policy, of which €270 billion (\$287 billion) for direct payments and market measures (together Pillar I) and €85.4 billion (\$90.9 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](#).

Deforestation-Free Supply Chains

As part of the Green Deal, the EC published a [proposal](#) for a Regulation aimed at preventing products contributing to deforestation from entering the EU market. The target products, which are identified by the EC as the main drivers of deforestation, included cattle, raw hides and skins of cattle, leather, and more. On December 6, 2022, the proposal was adopted by the EU institutions. The text is going through a legal review but is now de-facto final and is expected to be formally adopted in the coming months.

To sell any of the covered products in the EU or to export them from the EU, business operators will be required to provide extensive information about the product's origins, including the precise location(s) and general time of production. The Regulation establishes a country benchmarking system through which the EC will assess the risk that countries, or parts thereof, produce relevant commodities and products that contribute to deforestation. Products sourced from standard- or high-risk origins must comply with additional risk assessment and mitigation procedures. For more information, please see GAIN report - [European Institutions Finalize Deforestation-Free Supply Chain Regulation](#).

Industrial Emissions Proposal

In April 2022, the EC published a [proposal](#) on industrial emissions. It amends Directive 2010/75/EU which regulates the environmental impact of Europe's large-scale, high-pollution-risk industrial installations, and extends the scope to include the largest livestock farms in Europe, considered "agro-industrial installations". The proposed text would cover all industrial farms with more than 150 livestock units or 150 adult cows / 375 calves / 10,000 laying hens / 500 pigs / 300 sows. The text is currently going through the legislative procedure and an agreement is expected by the end of 2023.

III. Trade/Tariffs

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. The U.S. specific quota rose to 25,400 MT in calendar year 2022, but only about half of the quota volume was used. Most U.S. beef imports are destined for the EU restaurant sector, which was largely shut down since the beginning of the pandemic, leading to a decline in the quota's utilization. For the next quota year, a further HQB quota increase to 25,400 MT PW was implemented. For more details see GAIN report - [High Quality Beef Quota Year 2021-2022 Ends Positively for US Beef Exports](#).

EU Free Trade Agreements (FTAs)

The EU is negotiating and has implemented several FTAs with other countries and regions. Additional information is available on the website of the EC at: <https://ec.europa.eu/trade/policy/countries-and-regions/negotiations-and-agreements/>

In June 2022, the European Union (EU) concluded negotiations for a trade agreement with New Zealand. The agreement is currently being ratified by the EU. The trade agreement removes all tariffs upon entry into force of the agreement on EU agri-food exports to New Zealand except for those subject to tariffs rate quotas, notably beef with a tariff rate quota of 10,000 tonnes to be imported with a reduced duty of 7.5 percent. This volume will be gradually phased in over 7 years from the entry into force of the agreement. This is limited only to high quality grass-fed beef. More information about the agreement can be found at the [EU trade relationships by country/region](#).

IV. Animal Specific Issues

Veterinary Medicine Legislation

On January 28, 2022, the EU implemented a 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. 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 proposed and has been notified to the World Trade Organization (WTO) as G/SPS/N/EU/605 on December 8, 2022.

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. 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. The ANIT report describes findings 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. At the July 18, 2022, EU Agricultural Council meeting, Denmark, on behalf of five other EU MS (Belgium, Denmark, the Netherlands, Germany and Sweden), presented a [position paper](#) to strengthen the EU rules on animal transportation and reduce the maximum journey length.

African Swine Fever (ASF) Situation Update

After its initial introduction in Poland and Lithuania in 2014, ASF continued its spread across Central European MS. 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 one 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. More information about the current ASF situation in the EU is available, with the [latest map](#) and information available online at: https://ec.europa.eu/food/animals/animal-diseases/control-measures/asf_en.

Private Storage Aid (PSA)

The EC has long resisted taking exceptional market measures for the pork market, despite repeated pleas from affected MS. Eventually a [Private Storage Aid \(PSA\) scheme](#) was opened from the end of March 2022 through the end of April of the same year. PSA contracts were concluded for some 46,000 MT with contract periods varying from 60 till 150 days of storage. The highest volumes were contracted from the Netherlands, followed by Denmark, Germany, and Spain.

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.

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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

Recent Livestock Related GAIN Reports from FAS Posts in Europe:

Country	Title	Date
Romania	Avian Influenza Detected in a Romanian Commercial Turkey Farm	02/02/23
Poland	Direct Versus Indirect Trade -- Poland's Hidden Market for US Ag Exports	01/19/23
EU	Draft Commission Delegated Regulation Implementing Article 118 of the EU Veterinary Medicinal Products Regulation Available for Feedback	12/15/22
Bulgaria	Bulgaria- Livestock and Products Annual	12/12/22
Romania	Romanian Swine Herd Continues Sliding	12/09/22
Denmark	Ban on Keeping Mink to Be Lifted at End of Year	10/17/22
Netherlands	Nitrogen Report Delivered to the Dutch Government	10/14/22
EU	European Food Safety Authority Updates Recommendations for Transport of Farm Animals	10/06/22
EU	Livestock and Products Annual	09/14/22
Netherlands	Dutch Minister of Agriculture Nature and Food Quality Resigns	09/07/22
EU	High Quality Beef Quota Year 2021-2022 Ends Positively for US Beef Exports	07/29/22
Netherlands	Dutch Farmer Protests Against New Nitrogen Emissions Reductions Policies	07/27/22
EU	Updated Comparison of EU Tariff Rate Quotas for High Quality Bovine Meat	07/01/22
Netherlands	Concept of a Meat Tax Under Discussion in the Netherlands	06/29/22
Poland	After a Five-Month Hiatus African Swine Fever Outbreaks Return in June	06/27/22
EU	European Commission Opens Feedback Period on List of Antimicrobials Reserved for Human Medicine	04/22/22

Romania	HPAI Confirmed in a Romanian Commercial Poultry Farm	03/22/22
EU	Livestock and Products Semi-annual 2022	03/02/22
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	02/17/22
Portugal	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

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