EU-27
Grains Outlook

IAOM Seminar

Arusha - November 2008

Agenda: EU-27 Overview

1. Total grains & oilseeds production in Europe
2. Wheat Supply and Demand
3. Prices
4. The Common Agricultural Policy
5. Conclusions

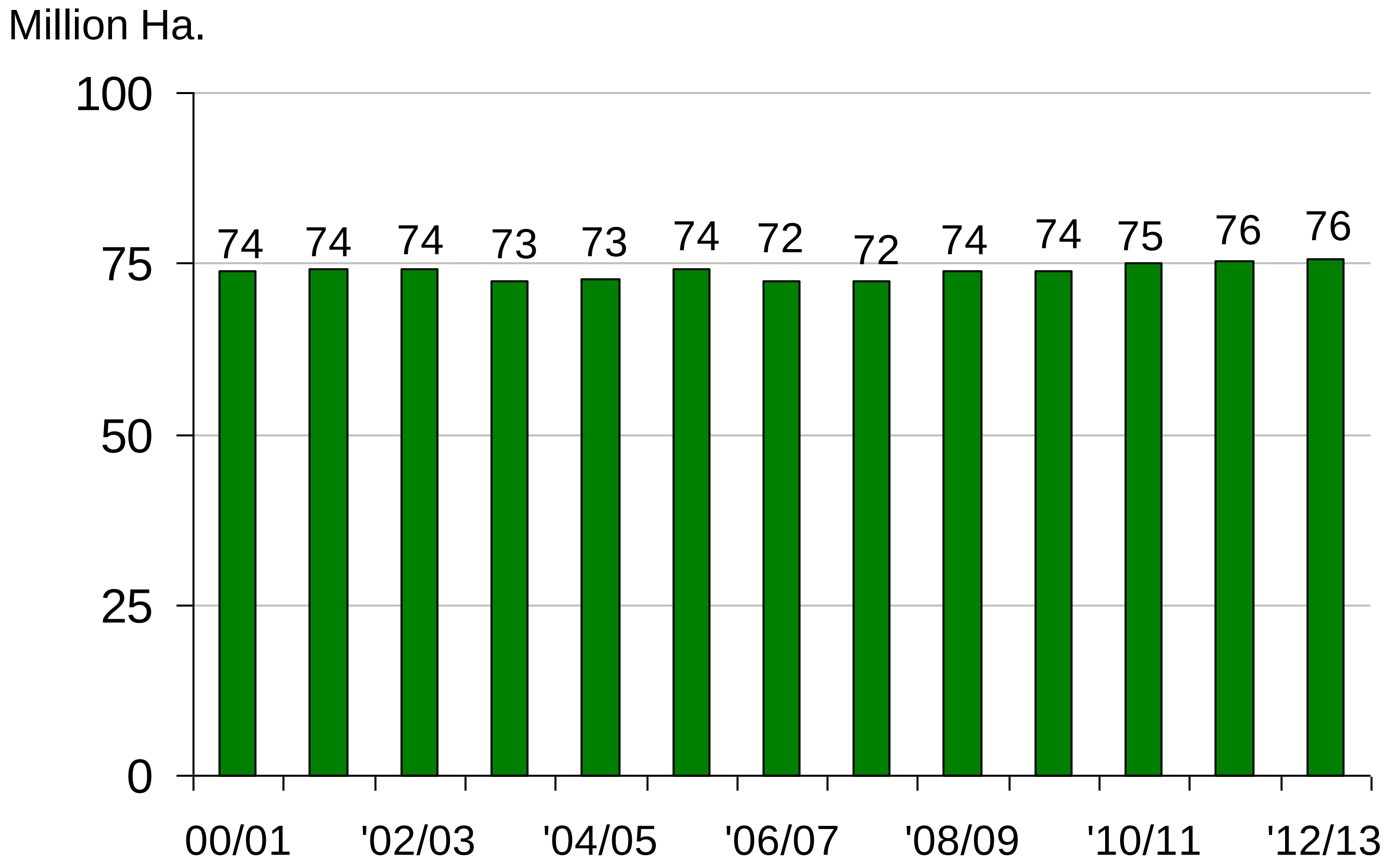
Production

EU total grains & oilseeds production

in Million MT		05/06	06/07	07/08	08/09 Est.
Grains	EU 15	195.0	190.0	191.8	221.1
	EU 12	82.2	66.9	62.5	82.6
	EU 27	**277.2**	**256.9**	**254.3**	**303.7**
Oilseeds & peas	EU 15	18.7	18.3	18.1	18.3
	EU 12	6.9	7.9	7.1	9.7
	EU 27	**25.6**	**26.2**	**25.2**	**28.0**
Total	EU 15	213.7	208.3	209.9	239.4
	EU 12	89.2	74.8	69.6	92.3
	EU 27	**302.9**	**283.1**	**279.5**	**331.7**

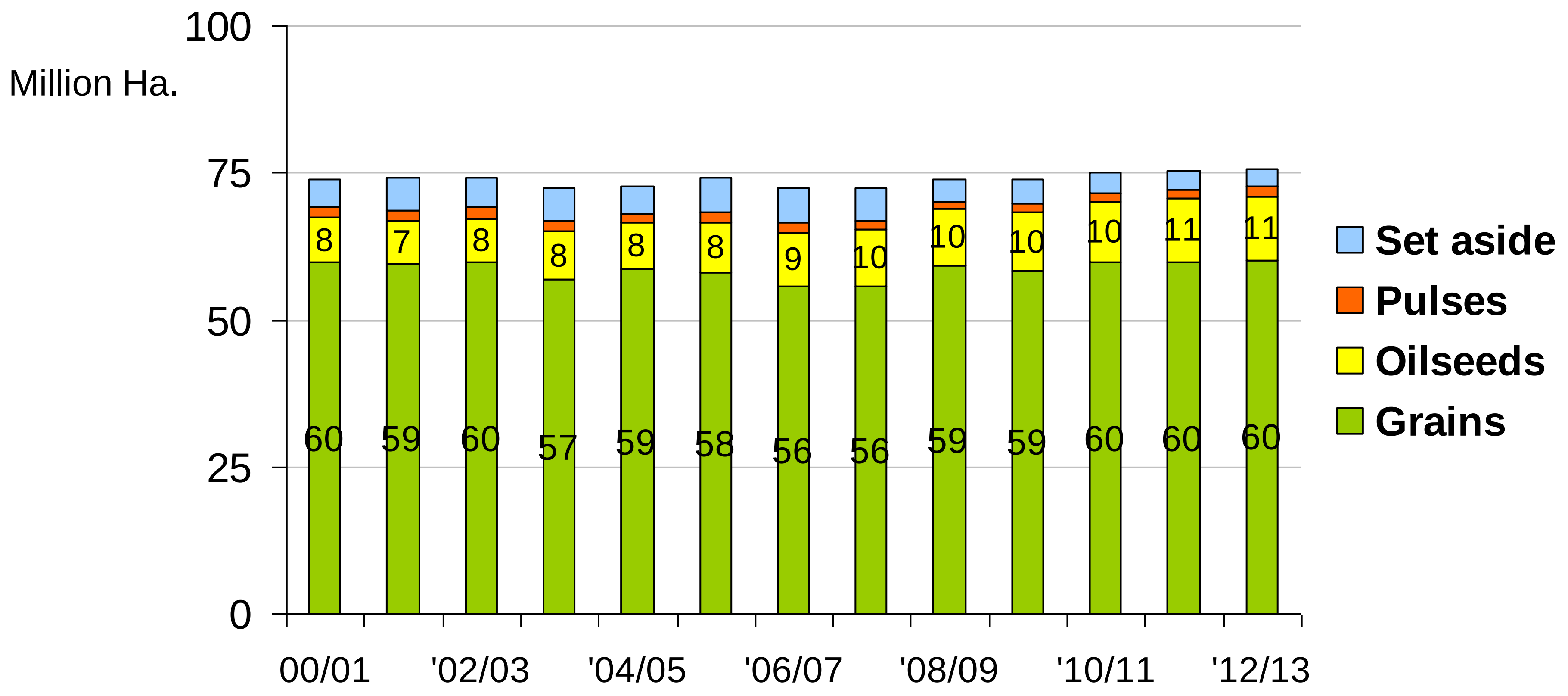
EU-27 total planted area

(including outlook to 2013)



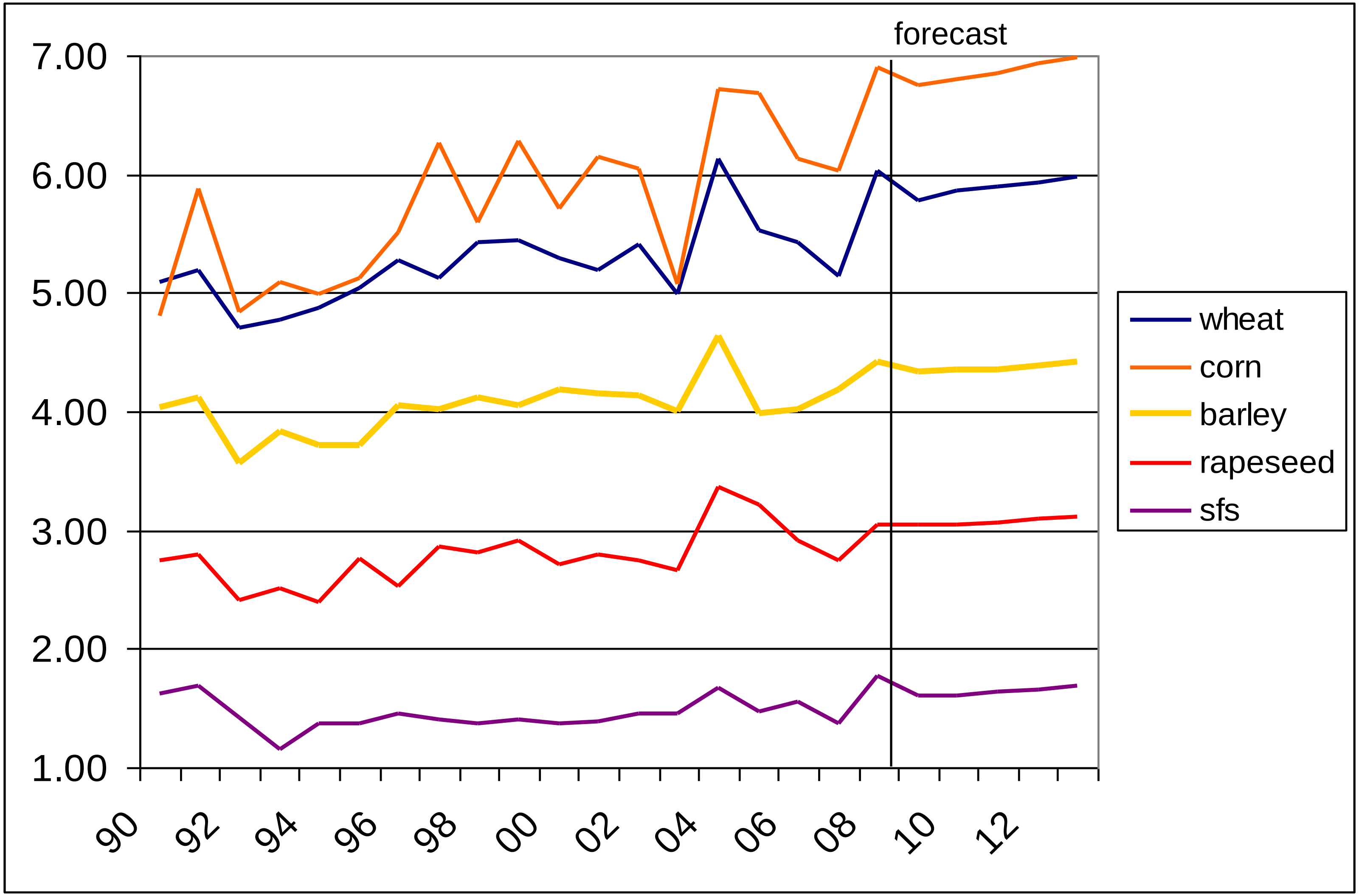
EU-27 planted areas by crop

(including outlook to 2013)



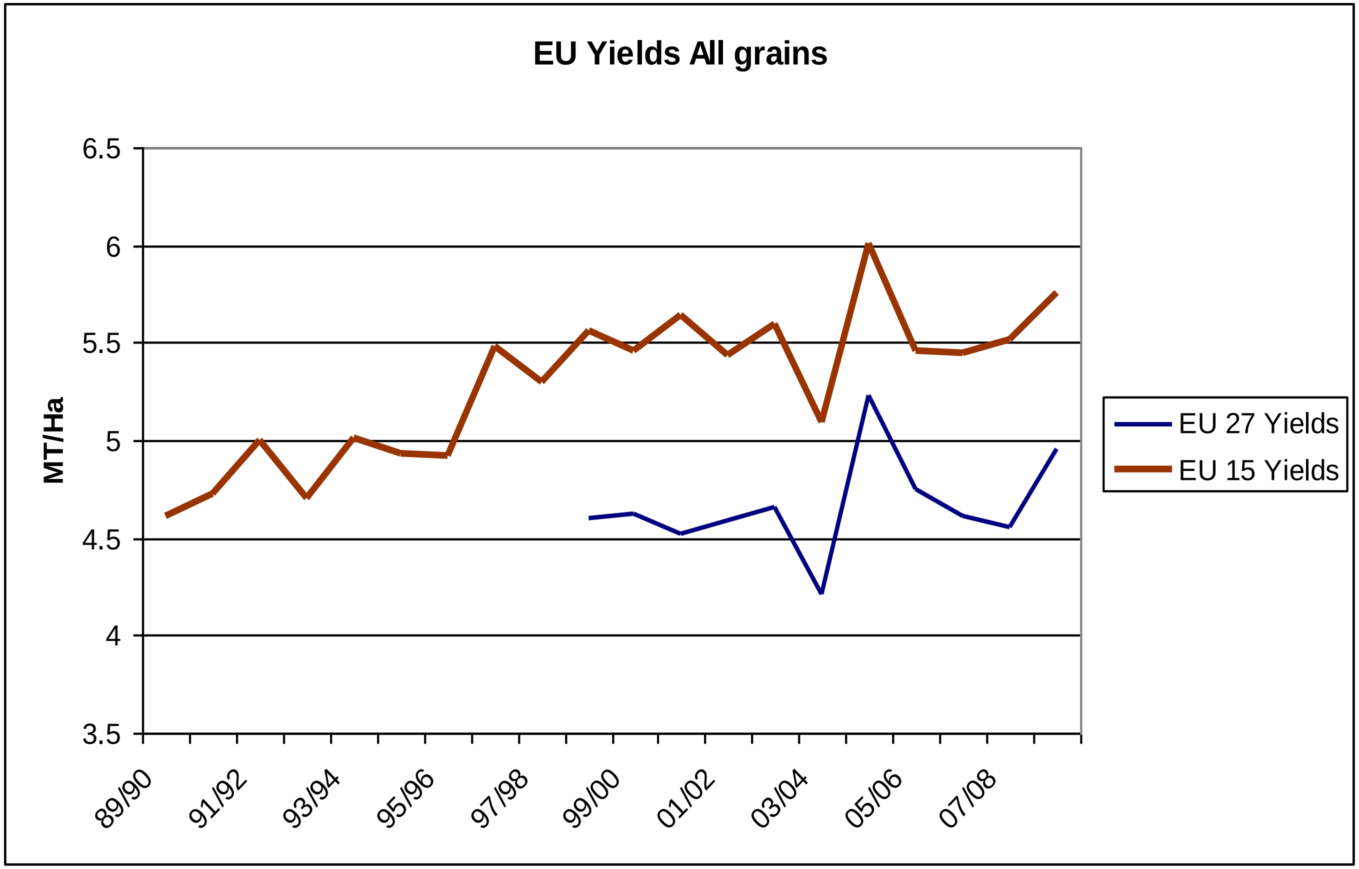
EU27 Historical Yield Evolution + Outlook to 2013

Grains and oilseeds

Yields disparities

All Grains



Cargill

’08/09 Grains production

Wheat

France: 37.2 Mln MT

Germany: 25.9 Mln MT

UK: 16.8 Mln MT

Poland: 8.9 Mln MT

Romania: 6.2 Mln MT

Hungary: 5.7 Mln MT

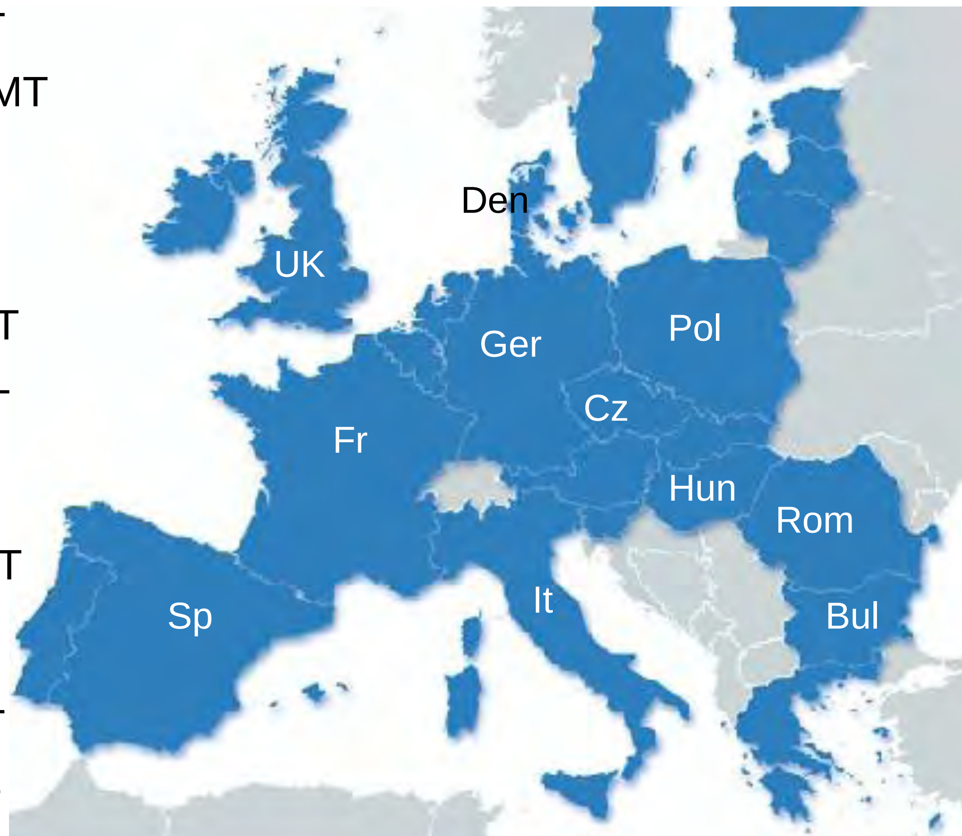
Spain: 5.3 Mln MT

Denmark: 4.9 Mln MT

Czech: 4.5 Mln MT

Bulgaria: 4.1 Mln MT

Others: 18.7 Mln MT



Other grains

France: 33.2 Mln MT

Germany: 23.8 Mln MT

Poland: 17.9 Mln MT

Spain: 17.1 Mln MT

Italy: 15.8 Mln MT

Hungary: 10.9 Mln MT

Romania: 8.9 Mln MT

UK: 7.3 Mln MT

Others: 30.6 Mln MT

Total EU27: 138.2 Mln MT

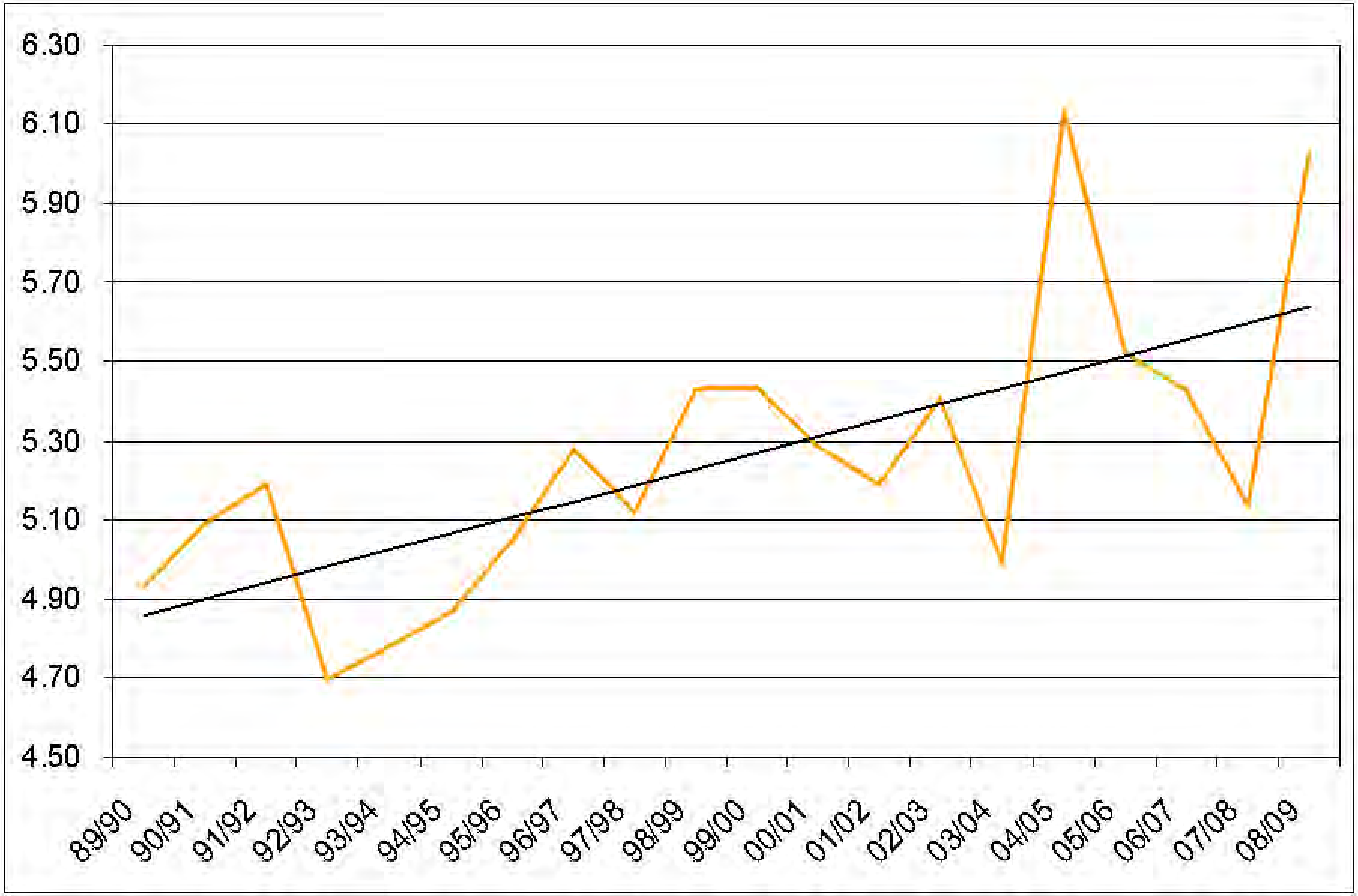
Total EU27: 165.5 Mln MT

Wheat Supply and Demand

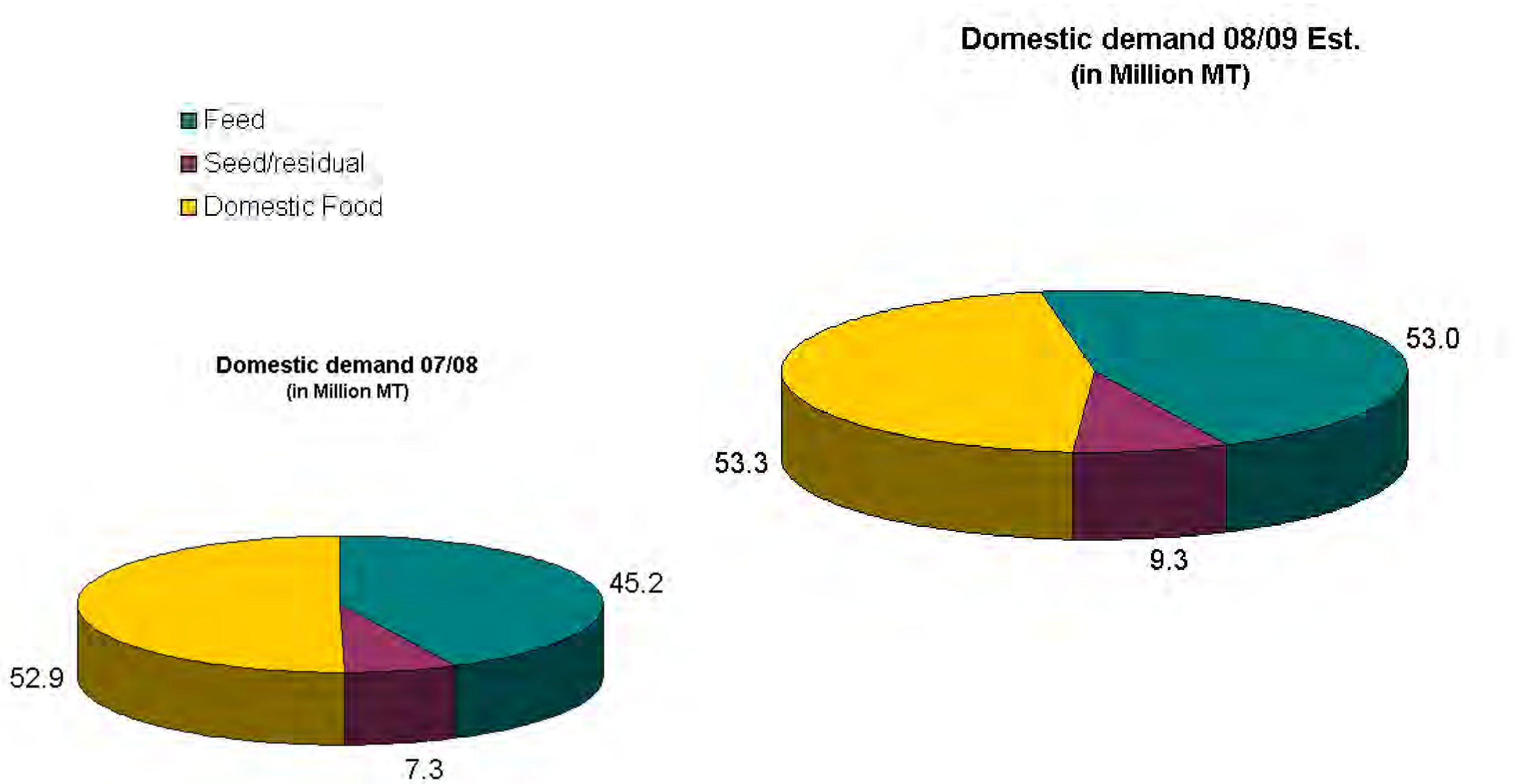
EU-27 Wheat Yield

Evolution & trend

MT/Ha



EU domestic demand



IMPORTS in EU-27

% of total imports 08/09	Million Mt	06-07	07-08	08-09
62%	**FSU**	**1.7**	**1.8**	**3.0**
	Ukraine	0.6	0.2	**2.3**
	Russian fed.	0.7	1.2	0.6
	Kazakhstan	0.3	0.4	0.1
	Others	0.1	0.0	0.0
36%	**Americas**	**1.4**	**2.4**	**1.7**
	USA	0.5	1.4	0.7
	Canada	0.9	1.0	1.0
	Argentina	0.0	0.0	0.0
	Other origins	**0.2**	**0.4**	**0.1**
	TOTAL IMPORTS	**3.2**	**4.6**	**4.8**

Cargill

EXPORTS out of EU-27

% of total exports 08/09	Million Mt	06-07	07-08	08-09
44%	**North Africa**	**4.3**	**4.9**	**7.2**
	Morocco	0.8	2.1	2.4
	Algeria	3.2	2.3	4.3
	Tunisia/Libya	0.4	0.5	0.4
20%	**Sub-Saharan Africa**	**2.5**	**1.7**	**3.3**
22%	**Mideast**	**1.1**	**0.9**	**3.6**
	Egypt	0.5	0.2	1.0
	Iran	0.0	0.0	1.7
	Other Mideast	0.6	0.7	0.9
	Asia	**0.9**	**0.0**	**0.9**
	Other destinations	**1.0**	**1.7**	**1.2**
	TOTAL EXPORTS	**9.8**	**9.2**	**16.2**

EXPORTS by origin out of EU-27

Estimates 08/09

Million Mt	France	Germany	others
North Africa	**5.8**	**0.3**	**1.0**
Morocco	2.1	0.0	0.3
Algeria	3.5	0.3	0.5
Tunisia/Libya	0.2	0.0	0.2
Sub-Saharian Africa	**1.9**	**0.4**	**1.0**
Mideast	**1.3**	**1.7**	**0.6**
Egypt	0.9	0.0	0.1
Iran	0.3	1.4	0.0
Other Mideast	0.1	0.4	0.5
Asia	**0.0**	**0.0**	**0.9**
Other destinations	**0.3**	**0.1**	**0.8**
TOTAL EXPORTS	**9.4**	**2.5**	**4.3**

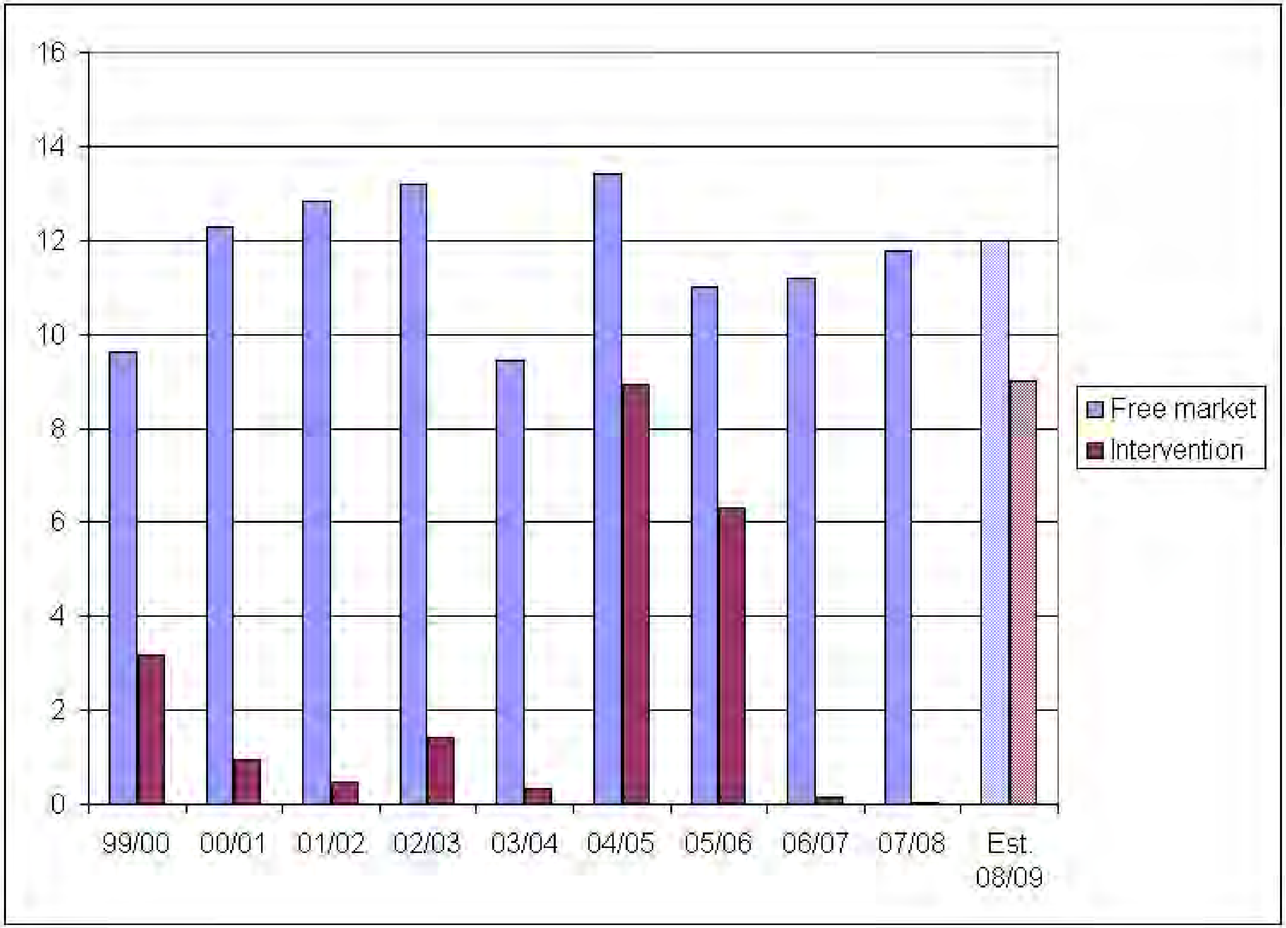
EU-27 Supply & Demand Wheat

	05/06	06/07	07/08	08/09 Est.
Acreage	19.5	19.3	21.9	23.0
Yield	6.0	5.7	5.1	6.0
Carry in	22.7	18.1	11.8	11.8
Production	115.6	108.4	111.6	**138.2**
Imports	5.4	4.1	4.6	4.8
Exports **(incl. flour)**	13.2	11.3	10.7	18.0
Domestic	112.4	107.6	105.5	**115.6**
Ending Stocks	18.1	11.8	11.8	**21.2**

EU ending stocks

Free market & intervention

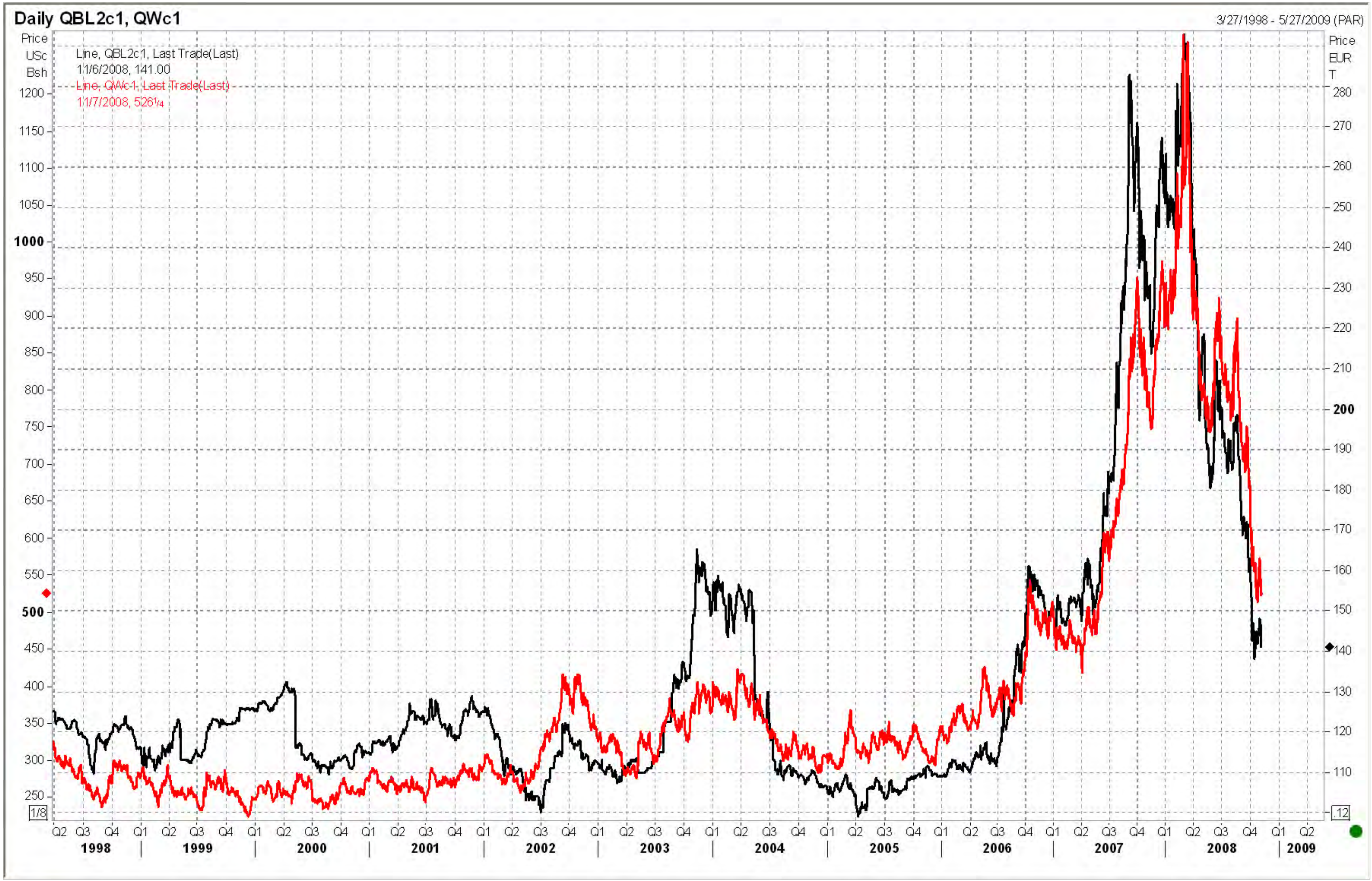
In Million MT



Prices

MATIF Futures

MATIF/CBOT Futures



Common Agricultural Policy

Main features of CAP

- Decoupled subsidies from production. Producers get 400 euro/ha and is free to grow what he likes
- Intervention system - intervention values are 95 euro/mt ex farm for wheat/corn/barley provided it complies with quality specifications
- Imports come in free of tariff for wheat over 15.1 pct protein on dry basis
- Import quota for up to 2.6 million MT from black sea with 12 euro import tariff

CONCLUSIONS

Conclusions

- The crisis is over for now
- Supply response has occurred with the help of weather
- Projected ending stock suggest that prices will approach intervention levels

THANK YOU

QUESTIONS ?