European Commission

Monitoring Agri-trade Policy

MAP 2015 – 1

Agri-food trade in 2014: EU-US interaction strengthened

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Contents

With limited potential for additional demand on EU food markets, export has become a key factor for generating growth and jobs in agriculture and the food industry. Fundamental reforms of the EU Common Agricultural Policy have progressively allowed the EU agri-food sector to improve market orientation and gain international competitiveness. With the export flag ships in wines and spirits, dairy products, processed products, meats, olive oil and pasta, but also with commodities such as cereals and milk powders, the EU offers a diverse array of competitive products at all levels of the agricultural value chain.

In the second half of 2014 the political debate on EU trade in agri-food was dominated by the import restrictions imposed by the Russian Federation. Nevertheless, EU exporters managed to diversify destinations and even slightly increase the overall value of agri-food exports. The EU maintained its position as No.1 exporter in 2014, with agri-food exports representing more than 7% of all goods exported and with a net surplus of €18 billion.

The long-term perspective of EU trade conditions has been enhanced in 2014 by the WTO Bali Ministerial and through a wide range of EU bilateral and regional trade agreements and negotiations, including with Canada, Japan and other Asian countries, several African regions and the EU's top partner in agri-food trade, the United States of America. 2014 figures for the EU confirm the growing importance and strengthened links with the US in agri-food trade.

1. International setting

In the aftermath of the global economic crisis – which peaked in 2009 at -1.7 % annual GDP growth rate and the rebounded in 2010 to +4.3 % – the world community struggled to return to previous levels of growth[1]. A majority of the world economies has now shifted to a noticeably lower development path compared to pre-crisis levels.

2014 marks an advancement compared to the previous year by reaching a global GDP growth of 2.6 %. It possibly heralds the moderate but robust development path for the coming years. The annual growth increase in 2014 was mainly effectuated by advancements in developed economies. Most developing countries witnessed equal growth rates like in the previous year, with the exceptions of China, western Asia and Latin America where the economies hat to accept slowdowns in growth.

World merchandise trade growth followed in principle the global GDP development pattern, but with greater amplitude during the 2008/09 break down and the directly following rebound. In 2012 and 2013 it coincided with the GDP growth rates, but in 2014 regained more momentum and expanded by about 3.3 %.

Worldwide agricultural trade experienced even more turbulences in the recent years. Traded values had shrunk in 2013 by around -2 %. Following this decline, agricultural trade rebounded in 2014 with an increase of about 3.2 % and reached an estimated value of €714 billion[2].

Worldwide agricultural production was high in 2014, with high crop harvests in all regions. This generated higher supplies ready to be traded. The FAO food price index, comprising the averaged prices of the most important agricultural product categories weighted with their average shares in world trade, started off in the beginning of 2014 at the lowest level since 2011 and – after picking up during the first three months – further declined. However, price levels were still 40 % higher than the 2002-2004 average.

Regarding exchange rates, the developments in 2014 were dominated by the appreciations of the US Dollar with considerable gains against the Euro (+12 %), the Japanese Yen (+13 %), the Pound Sterling (+5 %) and most emerging market currencies. The Chinese Renminbi represents the only currency that kept up with the US Dollar (through targeted action by the People's Bank of China). Against the Euro most emerging-market currencies (except the Renminbi) remained fairly stable. The Russian Rouble lost about half of its value against most currencies between August and December 2014, after its economy became internationally isolated due to economic sanctions imposed by several developed countries in relation to the Ukrainian crisis.

Demand for agricultural products is on the rise, mainly driven by global population growth and the diversification of nutrition and diets towards more animal products due to the increase of average incomes.

Around the globe, policy makers are aligning their trade policy towards market openness. On the multilateral level, the Doha Development Agenda (DDA) advanced considerably during the WTO Bali ministerial in December 2013.

In the same time, mega bilateral (and multi-nation) trade deals are currently under negotiation. In the Asian Pacific area, the Trans-Pacific Partnership[3] (TPP) is the most advanced negotiation. Other initiatives for regional agreements in the region have also been launched, like the Free Trade Area of Asia Pacific[4] (FTAAP) or the Regional Comprehensive Economic Partnership[5] (RCEP).

The EU is running several bilateral trade negotiations too, including the Transatlantic Trade and Investment Partnership (TTIP) vis-à-vis the US. In 2014, the negotiations on a Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada were

[1] World economic situation and prospects 2015, United Nations report.

[2] This value is based on available data covering some 92 % of global trade.

[3] Trade agreement under negotiation between the US, Japan, Canada, Mexico, Australia, New Zealand, Singapore, Vietnam, Malaysia, Peru, Chile and Brunei (excluding China).

[4] Envisaged trade agreement among the APEC countries (Australia, Brunei, Canada, Indonesia, Japan, South Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, US, Taiwan, Hong Kong, China, Mexico, Papua New Guinea, Chile, Peru, Russia and Vietnam).

[5] ASEAN plus Australia, China, India, Japan, South Korea and New Zealand.

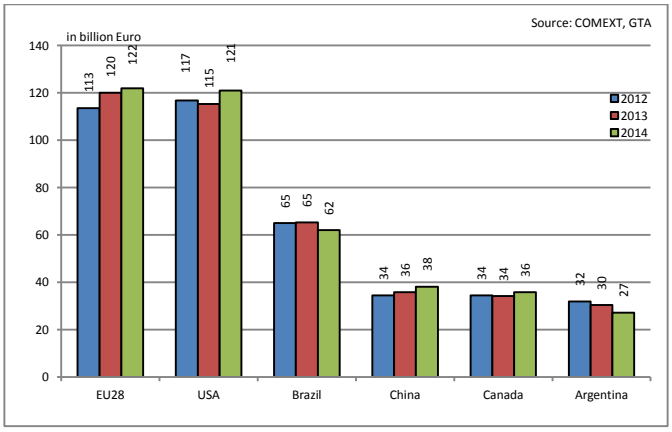
concluded. Once ratified, this would be the first so-called new generation FTA for the EU. Compared to older FTAs, the level of ambition is higher, integrating all economic and business sectors of the involved countries (all merchandise trade, services and finance) with fewer exceptions to the general agreement text, while safeguarding individual national standards and sensitivities.

2. World trade in agri-food

The ranking of the top world agri-food exporters did not change in 2014, after the EU28 took over the leading position from the US in 2013. EU28 exports reached €122 billion, with an annual increase of 1.6 %. The US remained an equally strong exporter, selling just about €1 billion less to world markets[6]. The gap to the third strongest exporter in agri-food is much wider, since Brazil shipped out approximately half of the value of EU28 exports.

The developed economies EU28, US and Canada expanded their world exports and hence contributed to the growth in global agri-food trade, while Brazil and Argentina experienced decreased export values. China was able to increase its supply to world markets by 5 %. The recent downward trend in global food prices, especially for sugar and other crop commodities, has certainly had a negative impact on the export values of the Latin American countries.

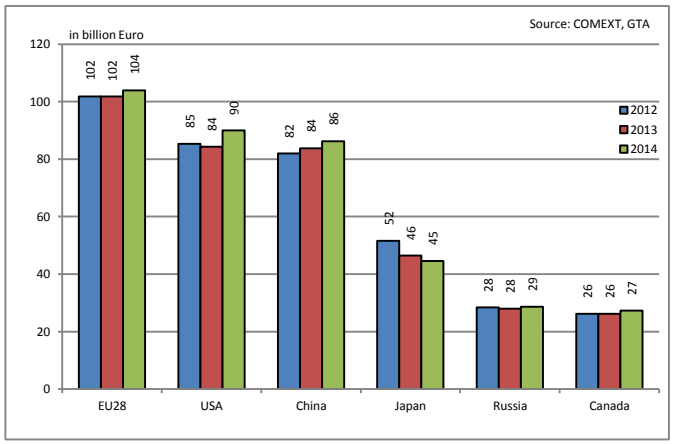
Graph 1: Top world agri-food exporters



Embedded in this structure of top agri-food exporters, developing countries acquire continuously higher shares in world trade. In particular, agri-food trade between developing countries – the so-called 'South-South trade' – is growing at a higher rate than trade involving developed countries[7]. Since 2009, South-South trade has grown by 80 %, compared to 66 % for North-South trade. This qualitative shift in world trade patterns comes about with the demand growth being located in developing countries with high population and income growth (India, China, South-East Asia and Africa), and a growing supply by emerging economies.

As to agri-food imports, EU28 continues to be the leading country with a value of imports of €104 billion. It is followed by the US and China, with €90 billion and €86 billion respectively. Most top import countries recorded an increase for 2014 compared to the previous year, ranging between 2 % (EU28) and 7 % (US). Russia and Canada imported around 4 % more products in value than in the previous year. Among these top agri-food importers, Japan is the only one with a decreased value in 2014.

Graph 2: Top world agri-food importers



The EU28, US, China and Canada are to a great extent integrated in world agricultural markets and global value chains. They are in the same time among the top exporters and importers – in addition to their strong domestic production. Brazil and Argentina primarily act as supplier, whereas Japan and Russia mainly appear as purchasers on world agricultural markets.

[6] The definition of agri-food products in US export statistics is different from the definition used for this publication.

[7] USDA 2015: International agricultural trade reports, 17 March 2015. Developing countries include Brazil, China, India, Argentina, Indonesia, Thailand, Malaysia, Mexico, Ukraine and Turkey among the exporters.

3. EU performance in agri-food trade

Agriculture and the food industry together produce a value added of €420 billion per year, and the food supply chain including food retail and services employs 47 million people in the EU. Export markets now, and even more in the future, represent important income opportunities and they are key drivers for jobs and growth in the European agri-food sector.

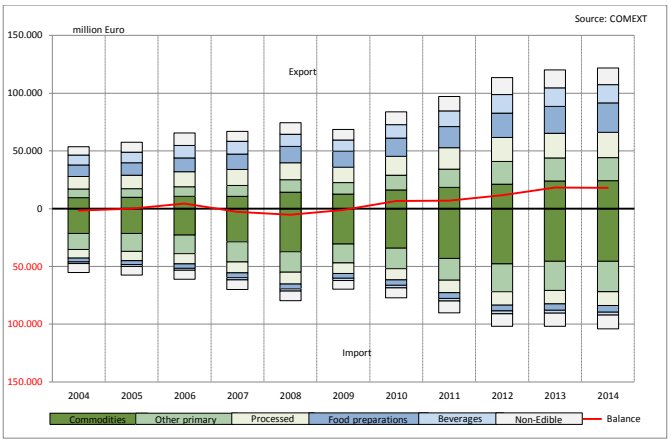
The EU remains the top exporter and importer of agri-food products. In 2014, total export and import values reached €122 billion and €104 billion respectively, resulting in a positive trade balance of €18 billion. Agri-food exports contribute more than 7 % to total EU exports in goods. Moreover, in 2014 the net surplus in agri-food trade corresponds to 80% of the overall surplus in EU trade in goods.

With the exception of 2009, EU28 agri-food exports and imports expanded continuously during the last decade. The annual growth rates, however, slowed down in recent years. Export growth decreased from 12 % in 2012 over 5.8 % in 2013 to 1.6 % in 2014. Import growth rates developed from 13 % in 2012 over 0 % in 2013 to 2.1 % in 2014.

As is apparent from graph 3, about half of the EU28 exports traditionally consist of agricultural food and feed products (commodities, other primary and processed agricultural products). Around one third consists of food preparations and beverages. Non-edible agricultural products contribute for about one sixth. EU imports, on the other hand, are more dominated by agricultural food and feed products, representing about 80 % of all imports, while food preparations and beverages account for 8 % and non-edible products make up 11 % of total imports. During the last decade this trade pattern did not change substantially in relative terms, although both, imports and exports, have more than doubled since 2004.

Looking at the agri-food trade structure in more detail, the graph illustrates that EU exports are quite evenly distributed over the six product classes. The export portfolio includes products at various quality and value-added levels with similar shares in the total. This points to the fact that European agriculture is diverse and in the same time competitive, concerning basic agricultural food and feed products as well as food preparations.

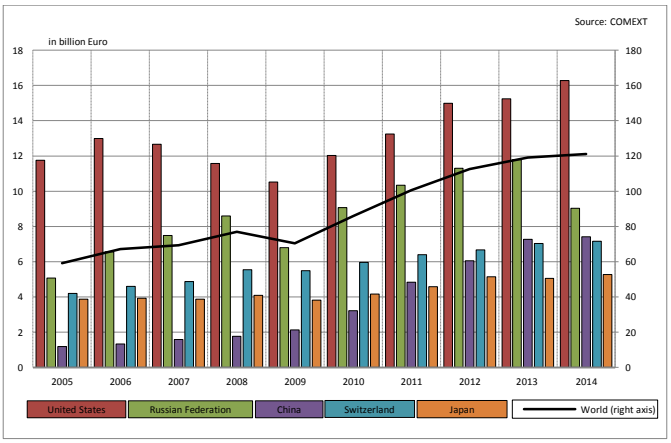
Graph 3: Structure of EU28 agri-food trade 2004-2014



In contrast, the imports are dominated by commodities and other primary products.

Altogether, the farming sector with its food and feed products as well as the food processing industry with their food preparations and beverages both sell well on third markets, while in the same time complementing their sourcing in raw material and intermediate products from external providers.

Graph 4: EU28 agri-food exports by destination



Currently, the top five destinations for EU28 agri-food exports are the US, Russia, China, Switzerland and Japan. The US by far is the dominant partner, absorbing 13 % of total exports. In 2014, sales to the US grew faster than to any other top five country (+7 %). The second most important export destination is Russia, in spite of a dramatic drop in sales by -23 % due to the Russian import embargo for certain products in the second half of the year. Among all destinations with exports above €1 billion, the highest increase rate was registered for Iran (+41 %).

Definition of agri-food products

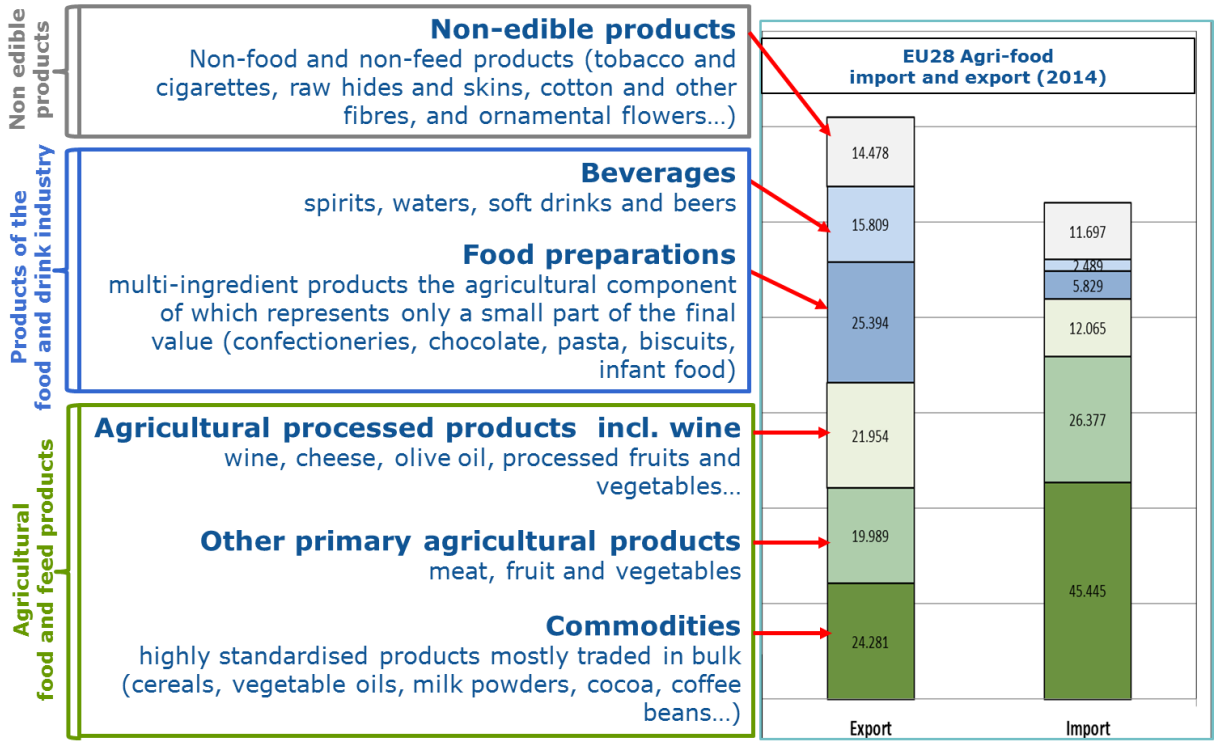
*The definition **"agri-food products"** used for this analysis has not changed compared to previous publications. It is based on the WTO definition of agricultural products and includes the chapters 1-24 (excluding fish and fish products) of the Harmonised System, and a number of headings in chapters 33, 35, 38, 41, 43 and 51-53. The aggregate of EU agri-food trade does not contain tariff codes CN 3302.10.40 and CN 3302.10.90 (some odoriferous substances which are regarded as industrial products).*

New classification of agri-food products

*With the objective to reflect best the characteristics of the European agricultural sector, agri-food products are grouped into **68 product categories**. In reference to the Harmonised System (HS), these categories range between the four and six digit level (see annex for specifications).*

*To provide a more general overview about agri-food trade, the product categories have been further aggregated into classes of products (see visualization below). The classification is based on separating edible (food and feed) from non-edible agricultural products as well as on the weight of value-added combined with the level of input-diversity integrated in the product: **(1) Agricultural food and feed products** comprise the core agricultural products (primary and processed) that are closely connected to the farming business and farmers' income. They are composed by **commodities** (highly standardised products mostly traded in bulk such as cereals, vegetable oils, milk powders, cocoa and coffee beans), **other primary products** (essentially meat, fruit and vegetables), and **processed agricultural products** (e.g. wine, cheese, olive oil, processed fruits and vegetables). **(2) Food preparations and beverages (other than wine)** cover multi-ingredient products which incorporate substantial value-added of the food and drink industry. This product group is made up by the product classes **food preparations** (e.g. confectioneries, chocolate, pasta, biscuits, infant food) and **beverages (other than wine)** (e.g. spirits, waters and beers). The product group **(3) Non-edible** covers non-food/non-feed products, notably tobacco and cigarettes, raw hides and skins, cotton and other fibres, and ornamental flowers.*

Visualization of the new product classification

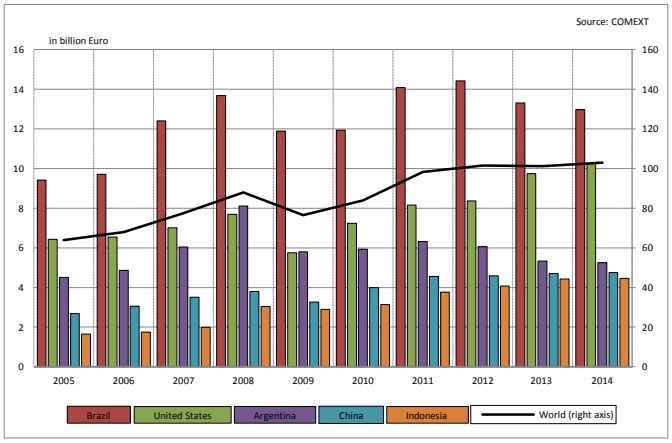


China stands out in the group of top export destinations, as it considerably increased its share over the last five years. Ranking fifth in 2010, China now is the third most important market for European agri-food exports. In 2014, however, exports to China increased by merely 2 %, similar to Switzerland (2 %), while exports to Japan increased by 4 % and sales to the US grew by 7 %.

Concerning trade relations with China, it has to be acknowledged that Hong Kong to a large extent functions as a transit country. Adding the EU28 exports towards Hong Kong (€4.5 billion) would magnify the Chinese export market to almost €12 billion. In this perspective, China would advance to be the second biggest agricultural export market for the EU, outpacing Russia. Altogether, EU exporters managed to diversify destinations, in line with the long-term trend.

The EU continues to mainly source its agri-food imports from Brazil, the US, Argentina, China and Indonesia. The trends encountered in 2013 continued in 2014, with decreasing imports from Brazil (-3 %) and Argentina (-2 %) and a growth in imports from the US by 5 %. Among all origins with imports above €1 billion, the highest increase was registered for Canada (+18 %)

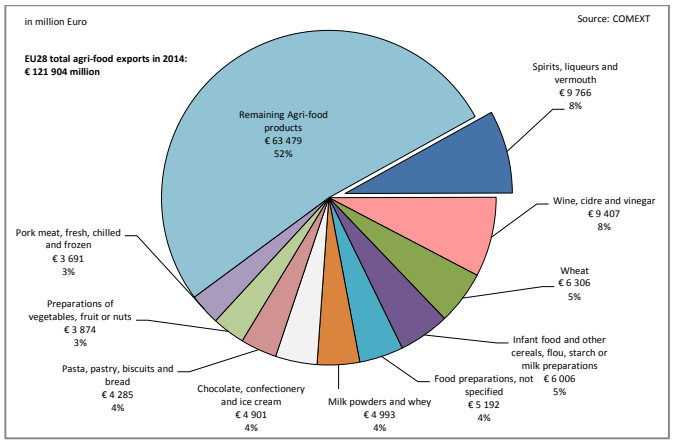
Graph 5: EU28 agri-food imports by origin



3.1. EU agri-food exports

Compared to the previous year, the top ten exported product categories – out of a total of 68 categories – increased their mutual share in EU28 agri-food exports by five percentage points from 43 % in 2013 to 48 % in 2014. In other words, approximately every second Euro of EU28 agri-food exports is generated by a product that belongs to the top ten product categories.

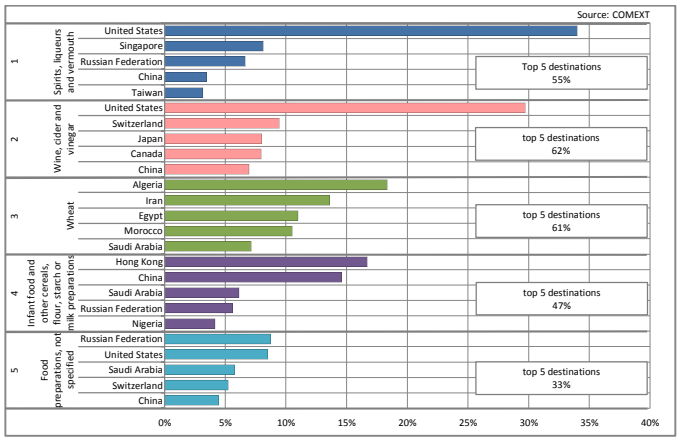
Graph 6: Composition of EU agri-food exports in 2014



'Spirits and liqueurs' and 'wine, cider and vinegar' continue to dominate the basket of exported products, each of them representing 8 % of total EU28 agri-food exports. From the ten most important export categories, four are part of the product group 'agricultural food and feed products' and six originate from the group 'food preparations and beverages'. The former is strongly linked to the farm production and the latter is provided by the food and drink industry.

For each of the five top export categories, graph 7 depicts the most important export destinations. The first two are heavily dominated by the US. US consumers buy 34 % of all exported European spirits and liqueurs and also take 30 % of all wines and ciders sold to third countries.

Graph 7: Distribution of exports in main product categories by top destinations

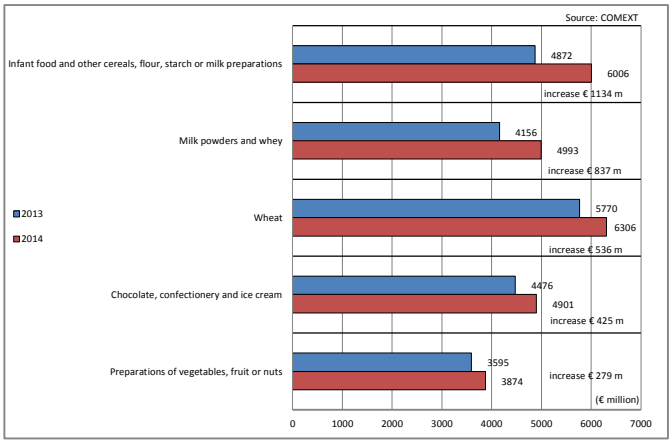


The top five destinations in general absorb between 33 % and 62 % of total exports in these individual product categories. Adding Hong Kong to the picture –

as the well-known transit country for Chinese imports – changes in some cases the order of top destinations. Including the traded values towards Hong Kong, China would rank second for wines and ciders and third for food preparations. In the case of infant food and other cereals, China and Hong Kong together represent the dominant sales market with 31 % share of the total.

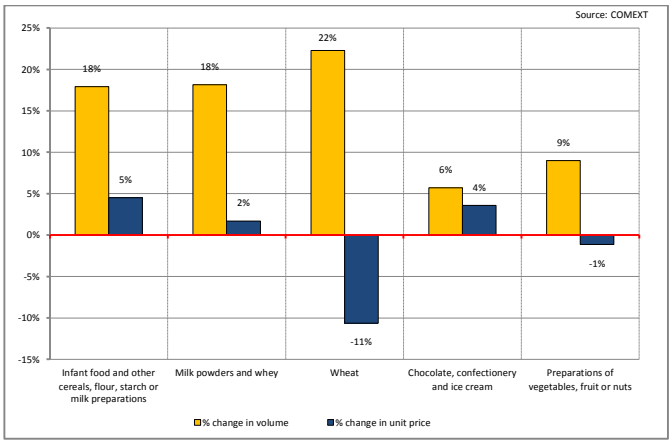
Highest gains were achieved for products which already represent a high share in agri-food exports. The product categories with the highest annual increase in export values are shown in graph 8.

Graph 8: Product categories with the largest absolute annual export value increase 2014



The first two categories were shipped out in 23 % and 20 % higher value than during the previous year. The other export increases mentioned in graph 8 ranged between 8 % and 9 %.

Graph 9: Annual percentage change in volume and unit price for the product categories with the largest export increases 2014

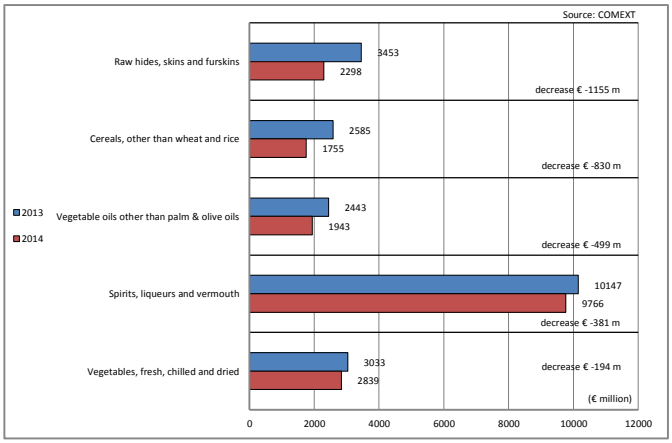


Note: Unit prices are calculated by division of traded value with traded volume of the product categories. The results may include effects of proportional changes between higher and lower valued items within the product category aggregate.

Wheat already created the highest export increases in 2013, and also in 2014 continued to boost the European export performance. Among the top products, however, 'spirits, liqueurs and vermouth' and 'pork meat' experienced losses in export value.

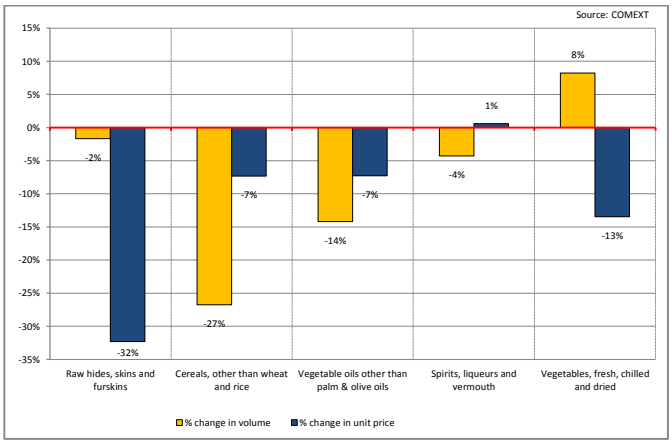
In 2014, all export increases (among the top five) were driven by volume increases, implying that a higher amount of shipments took place. This is especially true for wheat as well as for preparations of fruits and vegetables. In these two cases the export value increased even though prices had dropped.

Graph 10: Product categories with the largest absolute annual export value decrease 2014



On the other hand, export value losses were registered mainly for products in the group 'agricultural food and feed products'.

Graph 11: Annual percentage change in volume and unit price for the product categories with the largest export decreases 2014



Note: Unit prices are calculated by division of traded value with traded volume of the product categories. The results may include effects of proportional changes between higher and lower valued items within the product category aggregate.

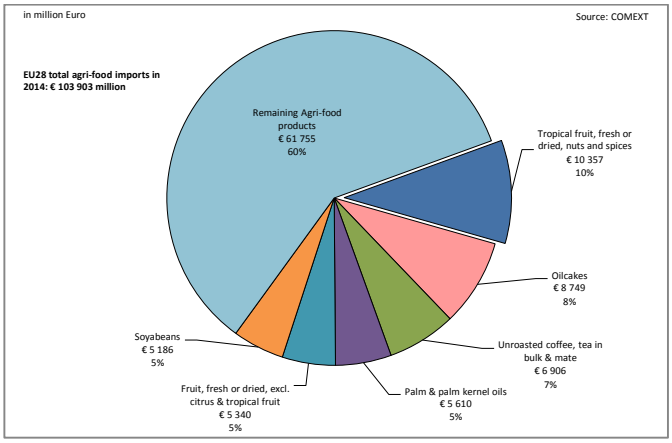
Still, the highest export value decrease was recorded for 'raw hides, skins and furskins'. Remarkably, 'spirits, liqueurs and vermouth', the EU top exported category, suffered an export value loss of €381 million (-4 %).

In three of the five pictured cases of export value losses, quantities decreased significantly (graph 11). For two other products, (Raw hides, skins and furskins as well as for vegetables), the export decrease was mainly price driven.

3.2. EU agri-food imports

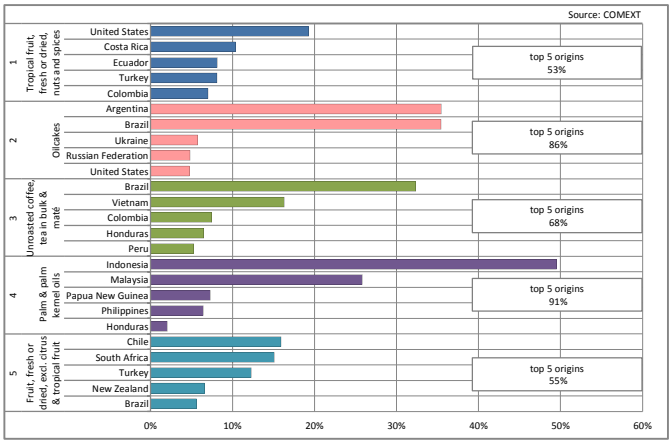
The total of €104 billion agri-food imports entering the EU28 in 2014 was split up into product categories as shown in graph 12.

Graph 12: Composition of EU agri-food imports in 2014



Compared to the previous year, the top six import categories have not changed, except that soya beans and fruits swapped their ranking positions.

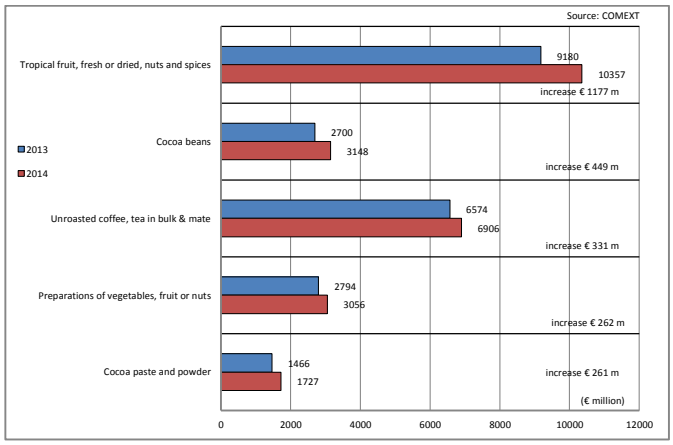
Graph 13: Distribution of imports in main product categories by top origins



In essence, the EU is sourcing three main types of products from third countries: fruit, nuts, and spices; vegetable proteins and fats; and coffee. Most of the imports are highly standardised products that are traded in bulk.

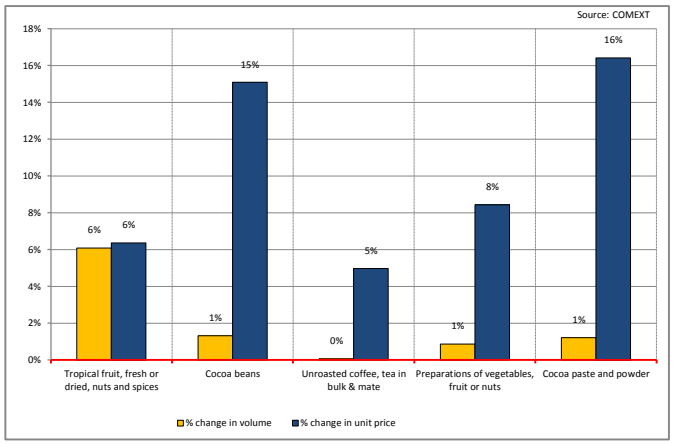
Imports are more geographically concentrated than the EU exports. In the case of vegetable proteins and fats ('oilcakes' and 'palm & palm kernel oils') the sourcing depends to about 90 % on the top five origins, highly competitive producers for these products.

Graph 14: Product categories with the largest absolute annual import value increase 2014



Interestingly, China does not appear among the most important providers for the main product categories imported (graph 13), although it is the fourth strongest agri-food supplier for the EU in general terms.

Graph 15: Annual percentage change in volume and unit price for the product categories with the largest import increases 2014



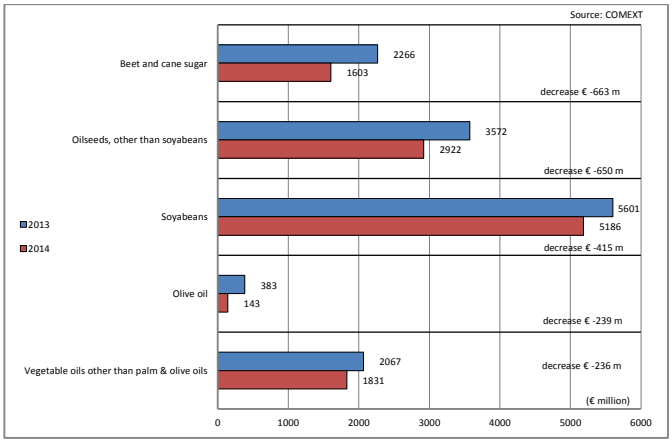
Note: Unit prices are calculated by division of traded value with traded volume of the product categories. The result may include effects of proportional changes between higher and lower valued items within the product category aggregate.

In 2014, the EU28 primarily augmented purchases on world markets of 'tropical fruits, nut and spices', 'coffee and tea', cocoa products (beans and paste and powders) and preparations of vegetables.

Except for tropical fruits for which imported volumes increased by 6 %, all of the import value increases were substantially price driven. In other words, the EU paid more for the same physical inflow of these products.

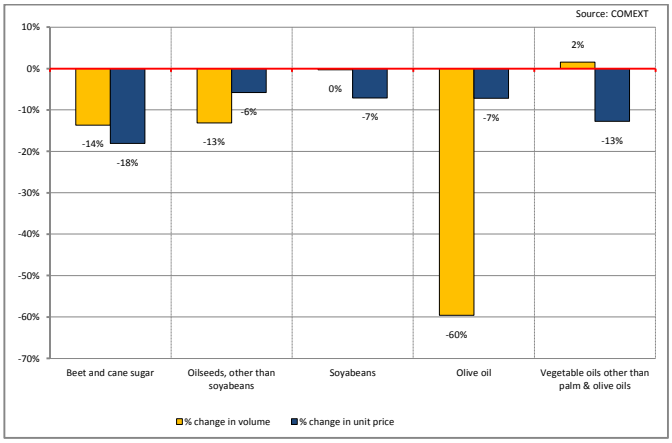
European imports decreased strongest in sugar and several oilseed products.

Graph 16: Product categories with the largest absolute annual import value decrease 2014



The analysis of volume and price changes shows that soy bean imports remained stable in quantitative terms. Solely the unit price reduction of 7 % triggered the extensive downward shift in the import value.

Graph 17: Annual percentage change in volume and unit price for the product categories with the largest import decreases 2014



Note: Unit prices are calculated by division of traded value with traded volume of the product categories. The result may include effects of proportional changes between higher and lower valued items within the product category aggregate.

The most notable decrease in import volumes was registered for olive oil (-60 %).

4. Closer look at trade with key partners

This chapter provides a general overview of the trade performance of the EU's key partners and a detailed description of their trade flows with the EU: The United States and China represent the partners with which the EU maintains the strongest reciprocal trade relationship. Trade with Brazil and Japan by contrast is characterised by more one-way flows. Brazil is the most important origin for EU agri-food imports, while Japan is a major export destination for the EU, with a minor share in EU imports. In addition, trade development with Russia is analysed, taking into account the embargo for certain agricultural products applied as from August 2014 (see info-box on the Russian import embargo).

4.1. United States

Higher exports of soya beans and maize, drop in wheat exports

US agri-food exports to all destinations have risen in 2014 to €121 billion (+5 % compared to 2013)[8]. Canada remains the top destination (17 %) closely followed by China (16 %) and Mexico (13 %). The EU is the fourth export destination together with Japan (both 9 %).

The overall increase in US exports is mostly due to increased exports of soya beans (+16 %) and maize (+62 %), which both had production records in 2014.

Exports of soya beans to China, by far the main market, rose by 16 %. For maize, export growth to the main markets Japan (+43 %) and Mexico (+27 %) were substantial, but even stronger was export growth to South Korea and Columbia, the next important destinations (both more than 300 %). Maize exports to the EU also increased by more than 300 %.

Wheat exports, on the other hand, saw a drop of -27 % after the very strong performance of the year before. Exports to Brazil, which had surged in the period 2012-2013, declined by 40 % as Brazil's imports of wheat from Argentina picked up again. However, the level still

[8] According to the definition of agricultural products used for this newsletter.

remains substantially above the 2012 level (+53 % compared to 2012). Exports to China, the top destination of US wheat in 2013, declined even more drastically (-87 %), making China only 12th destination in 2014. The main reasons for this reduced wheat shipments from the US to China is on the one hand high wheat production in China leading to less imports overall and on the other hand import diversification of wheat (e.g. increased imports from Australia).

Meat exports increased by 8 % as the pig meat exports recovered (+10 %) due to better prices and exports of beef (+29 %), in particular frozen beef, rose due to a combination of higher prices and quantities. Exports of frozen beef increased mainly to the top destinations Hong Kong (+44 %) and South Korea (+47 %).

US - agri-food trade with the EU

Negotiations of a Transatlantic Trade and Investment Partnership (TTIP) between the EU and the US were launched in July 2013, and even before any conclusion, agri-food trade links strengthened remarkably in 2014.

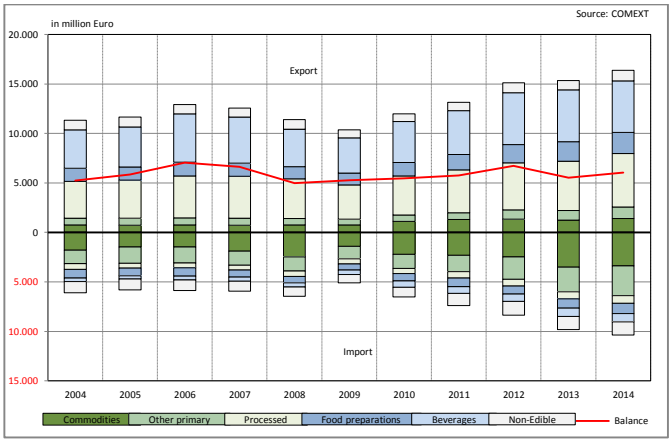
The United States is the top export market and the second most important origin for EU imports when it comes to agri-food products. In value, 13 % of EU exports (€16 billion) are directed towards the US, and 10 % of all EU imports (€10 billion) are sourced from there. After a less dynamic preceding year for exports, trade flows between the EU and the US again strengthened considerably in 2014. The appreciation of the US Dollar against the Euro (+12 %) might have helped EU exports to increase (+7 %), however, imports from the US as well continued to increase (+5 %).

As a consequence, in 2014, the US was the fastest growing external market among the top five trade partners and at the same time the supplier with the highest growth in agri-food exports to the EU. Considering the fact that the US already was the top reciprocal trade partner before, this growth rate means a significant strengthening of the existing link between the two agricultural markets.

Because of the stronger increase of exports compared to imports, the trade balance increased in favour of the EU by 9.1 % and reached a surplus of €6 billion. Traditionally, the exports to the US are almost evenly divided between products closely linked to farming (49 %) and food industry products (45 %), leaving 7 % to 'non-edible' products.

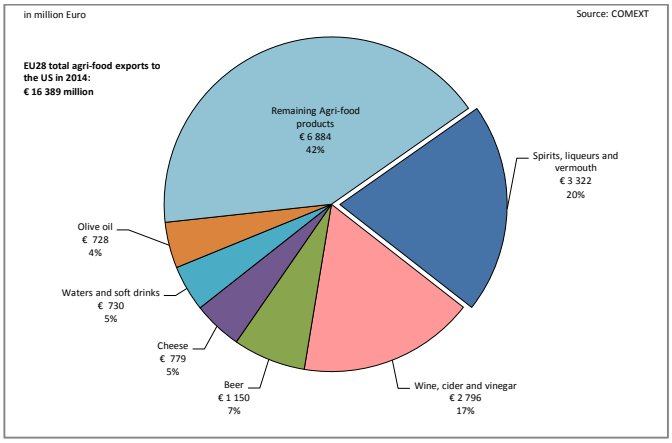
At the level of product classes, most exported products are 'processed products' (incl. wine) and 'beverages'. The imports, by contrast, consist to a large extent (70 %) of products closely linked to farming (mainly commodities and other primary products). Over the past years, the trade flow has increased between the EU and the US, evolving more or less proportionately across the product classes.

Graph 18: Structure of EU28 agri-food trade with the US 2004-2014



Compared to the export structure of 2013, the situation in 2014 changed only marginally. Beverages ('Spirits, liqueurs and vermouth' and 'Beer') and wine continue to dominate the picture with a share of 44 % of total EU exports to the US.

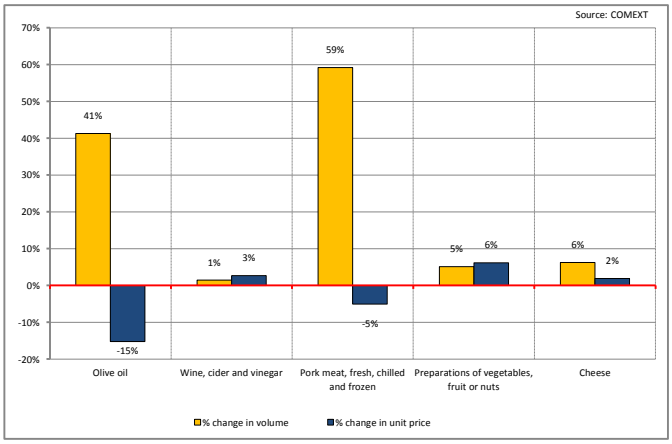
Graph 19: Composition of EU agri-food exports to the US in 2014



The largest increase in absolute values in EU exports to the US was in 'Olive oil', which now ranks among the top six exported product categories (increase from €608 million in 2013 to €728 million in 2014; +20 %). In

descending order, the increases in export values for wine, pork meat, preparations of vegetables, fruits or nuts and cheese followed. All these export value increases were due to volume increases, while for some categories shipments at the same time were devaluated due to price decreases. For example, the quantity of olive oil shipped to the US was 41 % higher than in 2013, while unit prices decreased by -15 %.

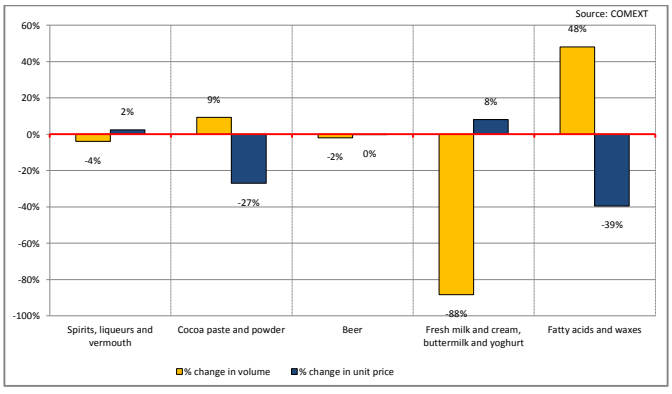
Graph 20: Annual percentage change in volume and unit price for the product categories with the largest export increases to the US 2014



Note: Unit prices are calculated by division of traded value with traded volume of the product categories. The result may include effects of proportional changes between higher and lower valued items within the product category aggregate.

Major losses in export values towards the US were encountered – in descending order – for spirits, liqueurs and vermouth, cocoa paste and powder, beer, fresh dairy products and for fatty acids and waxes. As graph 21 indicates, for these product categories both volume and price changes were apparent.

Graph 21: Annual percentage change in volume and unit price for the product categories with the largest export decreases to the US 2014



Note: Unit prices are calculated by division of traded value with traded volume of the product categories. The result may include effects of proportional changes between higher and lower valued items within the product category aggregate.

In the cases of 'cocoa paste and powder' and 'fatty acids and waxes', price decreases over-compensated the volume increases, thus the export value altogether shrank by -20 % and -10 %, respectively.

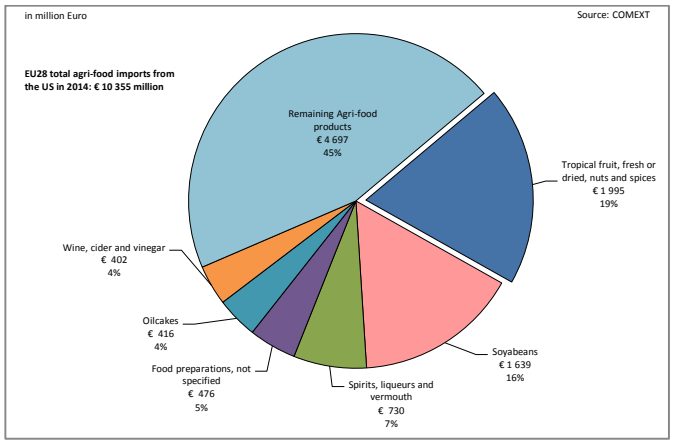
The US is a particularly important market for EU exports in coffee (re-exports), beer, olive oil, essential oils and spirits. As table 1 indicates, the US represents a crucial destination for these product categories, absorbing major shares of total EU exports in these products.

Table 1: US as important destination for EU exports by product category

Rank	product category	EU export to world	EU export to the US	US share in total
in 1000 EUR				
1	Unroasted coffee, tea in bulk & mate	513,836	301,776	59%
2	Beer	2,864,801	1,150,342	40%
3	Olive oil	2,126,088	727,649	34%
4	Essential oils	501,583	171,201	34%
5	Spirits, liqueurs and vermouth	9,766,062	3,322,137	34%

Concerning imports from the US, the ranking of most important product categories in 2014 remained unchanged compared to 2013, while values increased. 'Oilcakes' pose the only exception, in fact being the product category with the largest EU import value decrease from the US (-37 %) and switching the ranking position with 'not specified food preparations'.

Graph 22: Composition of EU agri-food imports from the US in 2014



The US share in EU imports is particular high for 'live animals', 'Spirits, liqueurs and vermouth', 'not specified

non-edible', 'odoriferous substances' and 'pet food'. In this view, the US represents a crucial source for these sectors.

Table 2: US as important origin for EU imports by product category

Rank	product category	EU imports from world	EU imports from the US	US share in total
in 1000 EUR				
1	Live animals	220,861	126,350	57 %
2	Spirits, liqueurs and vermouth	1,367,647	729,907	53 %
3	Non-edible, not specified	1,339	662	49 %
4	Odoriferous substances	7,446	2,620	35 %
5	Pet food	867,364	286,736	33 %

4.2. China

Continued demand growth for commodities

In 2014, China's demand for agri-food imports continued to increase, although at a lower rate (+3 %) compared to the impressive growth rates registered in the past. The low rise in import values and a faster growth in exports (+6 %), resulted in a reduction of the agri-food trade deficit by €2 billion in 2014 (now at €48 billion) compared to the previous year.

US was confirmed as the first supplier of agri-food products to China, with a share of 25 % (60 % of which were soya beans), followed by Brazil with 20 % (87 % soya beans). The EU share in Chinese agricultural imports stabilised at 9 % in 2014, mainly driven by increased sales of infant food, the main imported product, which registered a dramatic increase.

In total, over one third of Chinese agri-food imports consist of soya beans, with a rising trend in 2014. Imports of oilseeds (+24 %) and cereals excl. wheat and rice (+89 %) increased. In particular, the latter product category saw an impressive growth, with imported quantities even doubling. After a couple of years of sustained import growth for milk powder, 2014 was characterised by a slow-down.

Conversely, the number two import product, cotton (not carded or combed), saw a drop of 38 % in import value compared to 2013. For several other top products, such as palm oil (-8 %), raw hides and furskins (-3 %), other vegetable oils (-29 %), and wool and silk (-11 %), import values decreased.

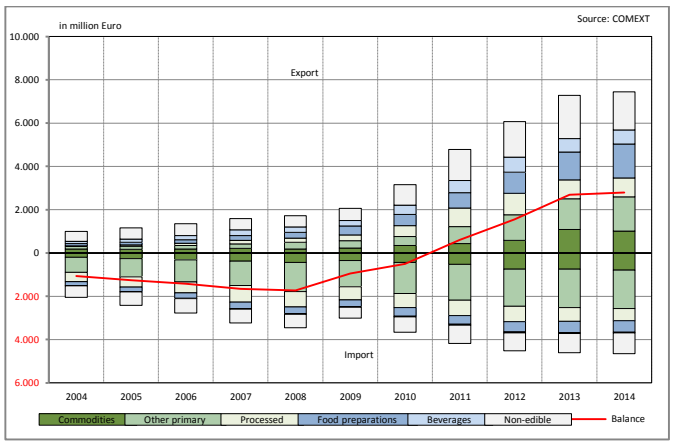
On the export side, fresh and processed fruit and vegetables have largely contributed (with a share of around 40 %) to make China one of the top food exporters in the World. In 2014, the biggest absolute gains in exports were achieved for oilcakes, followed by fresh vegetables. The main market for Chinese agri-food exports is Japan (15 %), followed by Hong-Kong (12 %) and the US (12 %).

China – agri-food trade with the EU

With a total agri-food export value of €7.4 billion and a total agri-food import value of €4.7 billion, China remains the third most important destination (6.1 % of all EU agri-exports) and the fourth most important origin (4.5 % of all EU agri-imports) for EU agricultural trade. The trade balance amounts to almost €3 billion in favour of the EU. The Chinese Renminbi appreciated against the Euro by about 10 % during the year 2014. However, the stable and high-paced strengthening of EU agri-food exports to China did not continue in 2014.

In 2011, the EU switched from a net importer to a net exporter vis-à-vis China. EU imports remained rather stable during the period 2011 to 2014, thus the EU net position improved in recent years.

Graph 23: Structure of EU28 agri-food trade with China 2004-2014



EU agri-food exports to China increased by €157 million in 2014, corresponding to 2.2 %. This depicts a considerable slowdown in export growth as the annual expansion during the preceding four years had been around €1.3 billion (+20 % between 2012 and 2013).

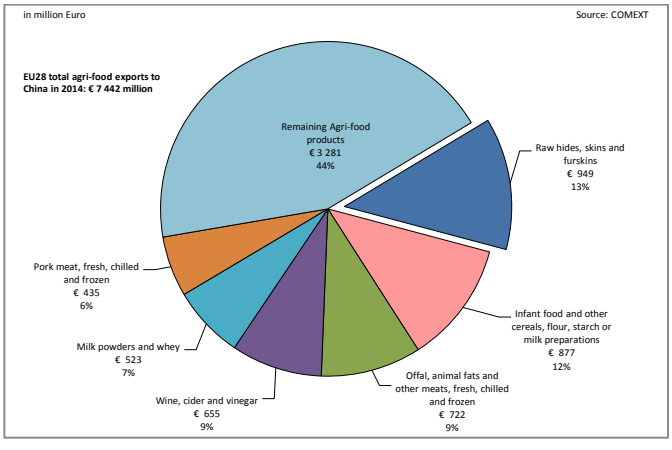
EU imports from China, on the contrary, remained somewhat stable since 2011 and showed in 2014 an annual increase of 1.1 %.

The trade pattern between the EU and China is characterized by a diversity of products on the export side and by the dominance of 'agricultural food and feed products' on the import side. The particularly high share of the product group 'Non-edible' (24 %) in total exports is noteworthy, since it ranges between 7 % and 15 % for most other major export destinations. At product group level, the export growth in 2014 was mainly effectuated in the domain of 'food preparations and beverages'.

Looking at product class level, it becomes clearer that the export growth was mainly achieved with value-added products, as exports in commodities and non-edible even declined. For imports the situation is the opposite, with stronger expansions in the classes 'commodities' and 'non-edible' than in 'food preparations' and 'beverages' and a decline in 'processed' primary products.

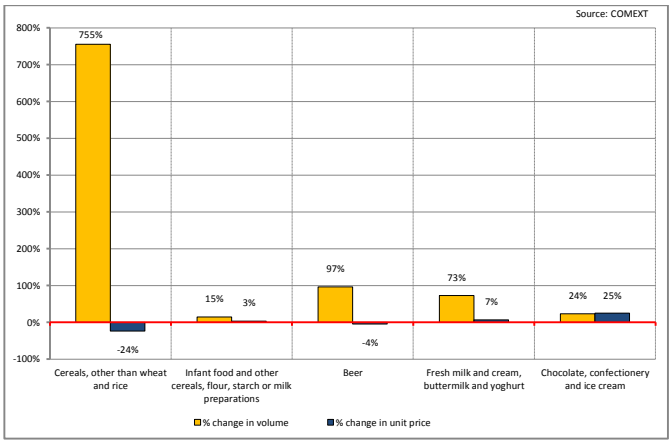
The top six product categories represent 56 % of all EU agri-food exports to China. They perfectly reflect the diverse range of exports to China, as each of them originates from a different product class.

Graph 24: Composition of EU agri-food exports to China in 2014



The most pronounced export growth to China was observed in cereals (other than wheat and rice), infant food etc., beer, fresh dairy products and chocolate (incl. confectionary and ice cream). In this order, these are the products with the highest absolute export value increases in 2014 EU exports to China. For each of the mentioned product categories increase in volume was the main driver. Only for chocolate (incl. confectionary and ice cream) the increase in unit price complemented the change in volumes.

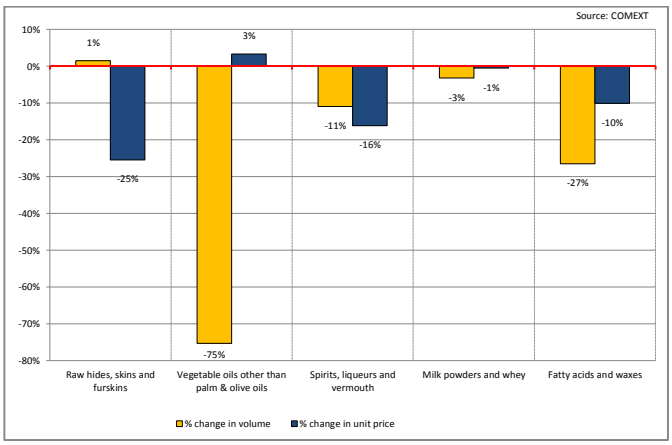
Graph 25: Annual percentage change in volume and unit price for the product categories with the largest export increases to China 2014



Note: Unit prices are calculated by division of traded value with traded volume of the product categories. The result may include effects of proportional changes between higher and lower valued items within the product category aggregate.

The exports in cereals (other than wheat and rice) skyrocketed, values increased from €33 million to €217 million (+555 %), although at lower unit prices. 'Infant food and other cereals […]' is the product category with the second highest export value, hence a 15 % volume increase from this high starting position translates into a substantial absolute increase (export value increased from €740 million in 2013 to €877 million in 2014; +19 %).

Graph 26: Annual percentage change in volume and unit price for the product categories with the largest export decreases to China 2014



Note: Unit prices are calculated by division of traded value with traded volume of the product categories. The result may include effects of proportional changes between higher and lower valued items within the product category aggregate.

Trade in agri-food products with Least Developed Countries (LDCs)

The EU is committed to support the poorest countries in the world to develop their economies and reach higher levels of socio-economic well-being. LDCs benefit from duty-free, quota-free access to the EU market under the "Everything But Arms" scheme. Several of them are also involved in European Partnership Agreements which try to encourage regional cooperation and trade. Concerning agriculture, the LDCs produce an array of products that are in demand on the world market. Provided that the products comply with the EU sanitary and phyto-sanitary requirements, the EU trade preferences for LDCs incentivise European businesses to buying products from these countries against other suppliers which have to pay regular (Most Favoured Nations) duties.

As a direct result of this policy, the EU remains by far the top importer of agri-food products from least developed countries. In 2014, the EU imported agri-food products from LDCs in the value of almost €3 billion, up 9.2 % from the previous year. Compared to the purchases of the other top world importers US, China, Japan, Russia and Canada (Big5), the EU imports by far outnumber their individual and cumulated imports both in absolute and relative terms. While the EU sources 2.9 % of its total world imports in agri-food products from LDCs, the Big5 on average do so with 0.9 % of their total imports. Altogether, the Big5 import products worth €2.5 billion, €0.5 billion less than the EU alone. Canada for instance sources 0.2 % of agri-food imports from the LDCs, while China does so with 1.7 % of its imports.

The EU imported mostly (two thirds) basic agricultural products i.e. commodities and other primary agricultural products. The remainder consisted almost exclusively of non-edible products, raw tobacco and cut flowers and plants for the main part. About half of EU agri-food imports were composed of coffee, raw tobacco and sugar (53 % of the imports).

Figure A: EU28 and Big5 imports from LDCs in 2014

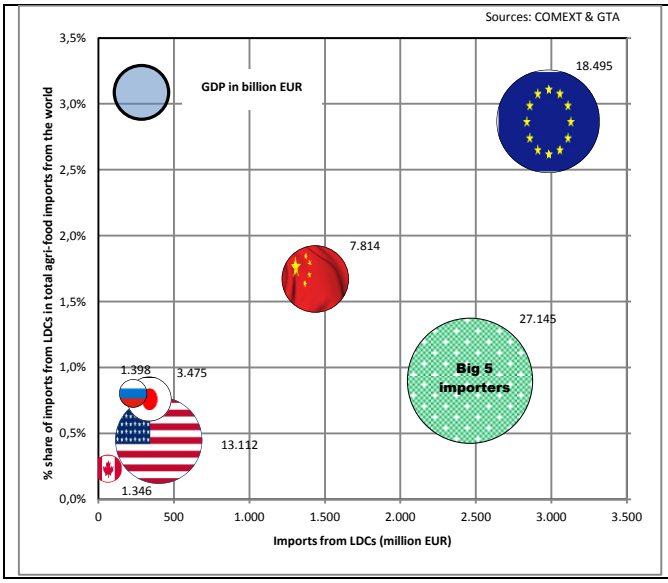
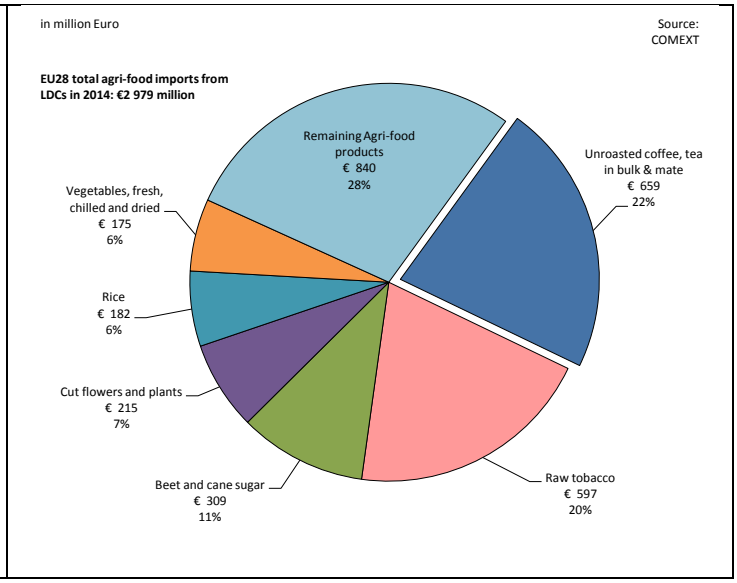


Figure B: EU agri-food imports from LDCs in 2014

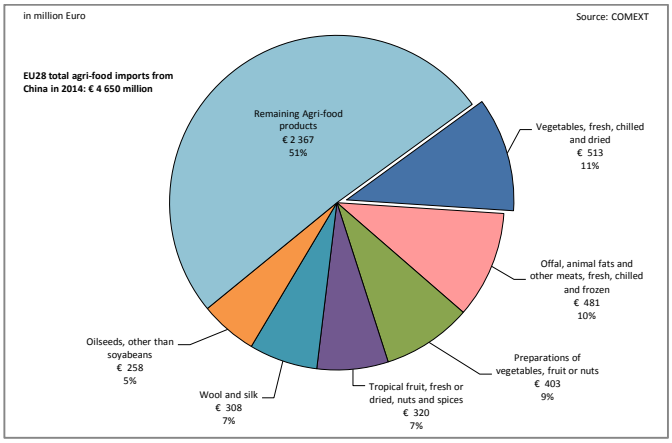


For LDCs' sourcing purposes, the EU also continues to be the main supplier of agri-food products. 4 % of EU exports, valued at almost €5 billion, are directed towards LDCs. Compared to the other big world exporters individually, this again is higher than their exports in absolute and relative terms. The agri-food trade flows into LDCs however are less connected to development policy but a demonstration on the one hand of stronger business ties, and on the other hand of the competitiveness of European produce vis-à-vis other major agricultural exporters. The top EU agri-food export categories to the LDCs are wheat, infant food, milk powders and whey, poultry meat, beer and some food preparations, four of which are also among the global top six export categories. Bringing imports and exports together, the EU runs a positive trade balance with the LDCs in agri-food products, valued at about €2 billion.

Turning to the products with losses in exports to China in 2014, EU shipments in terms of value decreased most for 'Raw hides, skins and furskins', 'vegetable oils other than palm & olive oils', 'spirits, liqueurs and vermouth', 'milk powders and whey' and with 'fatty acids and waxes'.

Concerning imports, the top six product categories represent about half of the total agri-food products from China. All these products originate from the group 'agricultural food and feed products', except 'wool and silk' representing the 'non-edible'. This composition indicates that EU imports from China are mainly made up of unprocessed food.

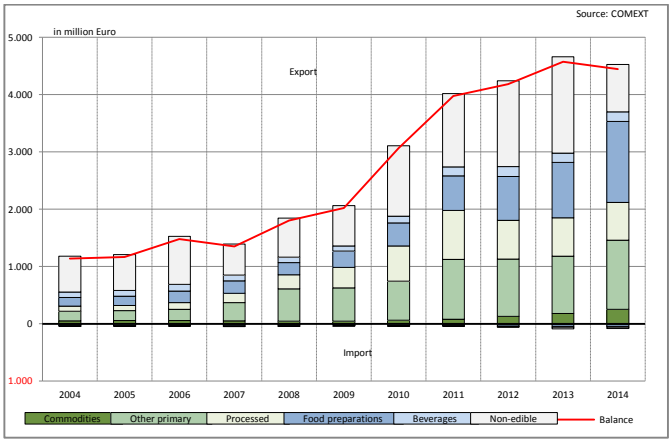
Graph 27: Composition of EU agri-food imports from China in 2014



Hong Kong – agri-food trade with the EU

When analysing trade flows into China, it should be taken into account that Hong Kong to a large extent functions as a transit hub for the Chinese market.

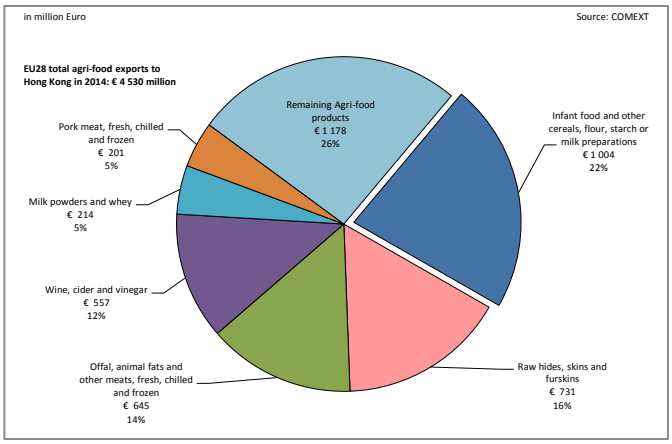
Graph 28: Structure of EU28 agri-food trade with Hong Kong 2004-2014



Populated with around 7 million citizens, Hong Kong ranks sixth among the top destinations for EU agri-food exports, importing products for a value of €4.5 billion.

While EU imports from Hong Kong are negligible (€83 million in 2014), EU exports to Hong Kong grew tremendously, particularly between 2009 and 2011. Only 2014 saw a reduction by -2.9 %.

Graph 29: Composition of EU agri-food exports to Hong Kong in 2014



Overall the basket of exported agri-food products to Hong Kong is as diverse as the one going to China. Also the start of extensive export growth around 2007/08 coincides with the export developments towards China.

Table 3: China and Hong Kong as important destination for EU exports by product category

Rank	product category	EU export to world	EU export to China & Hong Kong	Chinese (+Hong Kong) share in total
in 1000 EUR				
1	Raw hides, skins and furskins	2,297,766	1,680,384	73.13 %
2	Wool and silk	169,317	100,746	59.50 %
3	Offal, animal fats and other meats, fresh, chilled and frozen	2,296,596	1,366,380	59.50 %
4	Cotton, flax and hemp, and plaiting materials	768,284	322,057	41.92 %
5	Infant food and other cereals, flour, starch or milk preparations	6,005,922	1,881,038	31.32 %

For several EU products China and Hong Kong taken together are the dominant export markets. Especially for non-edible products such as 'raw hides, skins and furskins', 'wool and silk' EU exports depend on China and Hong Kong, as well as for 'offal, animal fats and other meats'. For these categories China and Hong Kong absorb more than half of the EU's exports.

Despite being providers of agri-food products to the EU, China and Hong Kong do not have such a key role for any product. The highest share in category-specific imports China and Hong Kong hold is 42.45 % for 'Offal, animal fats and other meats'. Interestingly, there is a strong reciprocal trade between the EU and China in 'wool and silk' and 'Offal, animal fats and other meats'.

Table 4: China and Hong Kong as important origin for EU imports by product category

Rank	product category	EU imports from world	EU imports from China & Hong Kong	Chinese (+Hong Kong) share in total
in 1000 EUR				
1	Offal, animal fats and other meats, fresh, chilled and frozen	1,136,281	482,343	42.45 %
2	Wool and silk	808,158	322,618	39.92 %
3	Non-edible animal products	370,840	126,390	34.08 %
4	Eggs and honey	421,857	122,546	29.05 %
5	Miscellaneous seeds and hop cones	514,916	119,437	23.20 %

4.3. Brazil

Drop in soya and sugar prices led to decreased agricultural export values

After already experiencing a cool down in the growth of agri-food exports in previous years, Brazil's exports have further decreased by 5 % in values in 2014. With very small import activities, however, Brazil maintains a large agricultural trade surplus of €54 billion.

China remains the top destination for Brazilian agricultural products (23 %) while the EU is the second most important export partner (21 %). The US (5 %) and Russia (4 %) follow.

The overall decrease in export values is due mostly to the unfavourable price developments for the two main Brazilian exports, soya beans (making up 27 % of all agricultural exports) and sugar (12 %). Brazil's main export destination for soya remains China, which absorbs 71 % of all exports. For sugar, likewise, China is the main destination together with the United Arab Emirates (both 9 %). Sugar exports to China fell by 38 % as prices declined and Thailand took over market shares.

Maize exports, which were on the rise until 2013, fell by 36 % due to lower prices and quantities. Coffee exports, on the other hand, increased by 32 % as prices picked up and export quantities increased.

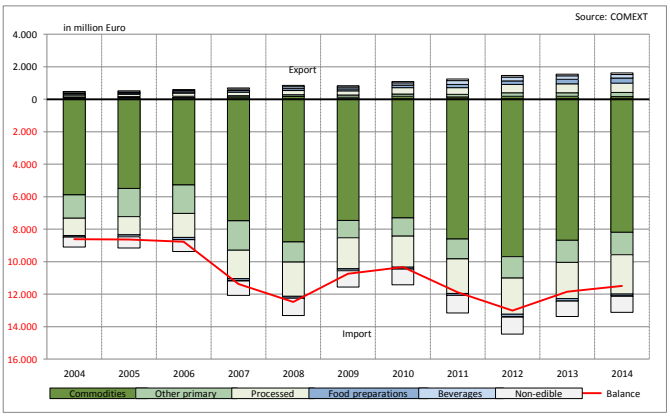
Meat exports increased by 5 % with substantial export growth to the main partners China/Hong Kong (absorbing 18 % of meat exports) and Russia (16 %). The increases in exports stem from the sectors of beef and pork while poultry, the most important meat export, showed a small decrease.

The cross trade of ethanol between Brazil and the US, i.e. export of cane-based ethanol to the US and import of maize-based ethanol from the US, continued in 2014.

Brazil – agri-food trade with the EU

As in previous years, Brazil acts as the most important source to meet the European import demand for agri-food products (13 % of total), and the EU runs a negative trade balance with Brazil, amounting to € 11.5 billion. 91 % of the products imported from Brazil are 'commodities', including in particular oil cakes and soya beans that provide protein and fat for animal feed. The exports to Brazil, in contrast, embody 1 % of total EU agri-food exports. Brazil essentially buys European olive oil, preparations of vegetables (or fruit or nuts), wine and food preparations.

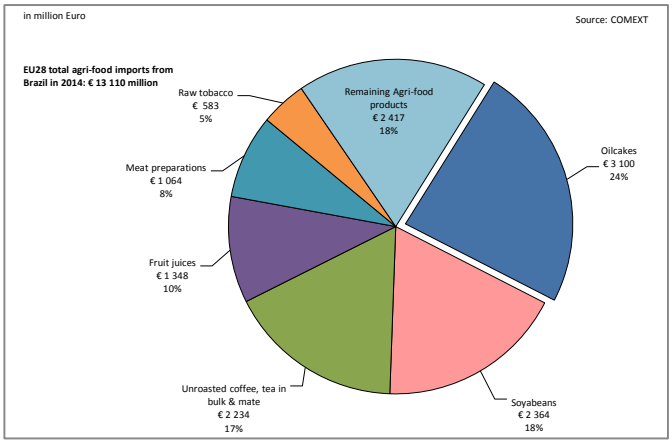
Graph 30: Structure of EU28 agri-food trade with Brazil 2004-2014



Against the global trend of trade expansion, EU imports from Brazil continued to decrease in 2014. They shrank by 2.0 %, while total EU imports increased by 2.1 %. As already in 2013, the lion's share of reductions in EU imports from Brazil took place in the domain of 'commodities'.

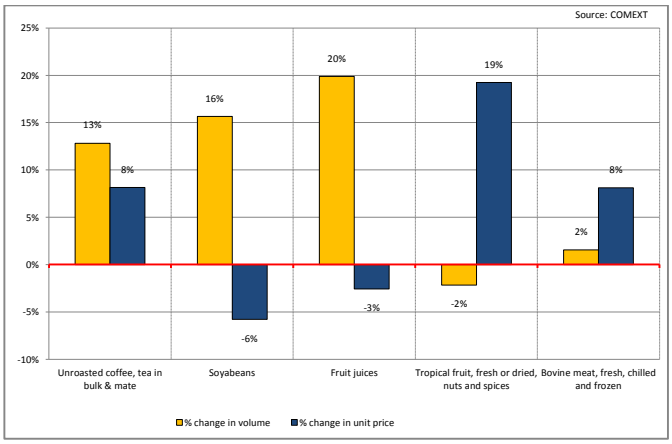
From the top five product categories which accumulate 77 % of all imports, around half the import value is associated with feed products (oilcakes and soya beans), and the other half with food products (coffee, fruit juice and meat preparations).

Graph 31: Composition of EU agri-food imports from Brazil in 2014



The highest increases in import value were observed for coffee, soya beans and fruit juice, for which import quantity increases of 13 %, 16 % and 20 % respectively were the driver.

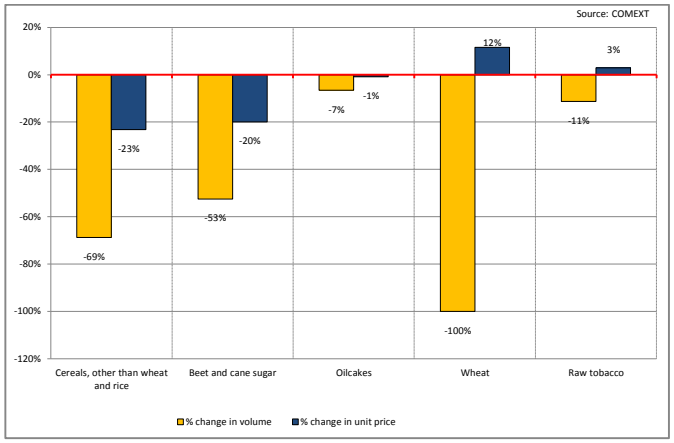
Graph 32: Annual percentage change in volume and unit price for the product categories with the largest import increases from Brazil 2014



Note: Unit prices are calculated by division of traded value with traded volume of the product categories. The result may include effects of proportional changes between higher and lower valued items within the product category aggregate.

The four product categories with the largest recorded losses all are 'commodities'. The reductions in volume are considerable, with more than halving the imports in 'cereals other than wheat and rice' and those in 'beet and cane sugar', and a factual cessation of imports in wheat.

Graph 33: Annual percentage change in volume and unit price for the product categories with the largest import decreases from Brazil 2014



Note: Unit prices are calculated by division of traded value with traded volume of the product categories. The result may include effects of proportional changes between higher and lower valued items within the product category aggregate.

Table five lists the product categories for which Brazil is a particularly important origin for EU sourcing. Apart from the products that already range among the top six imported products from the main EU supplier, Brazil also provides the EU with 57 % of its poultry meat imports.

Table 5: Brazil as important origin for EU imports by product category

Rank	product category	EU imports from world	EU imports from Brazil	Brazilian share in total
in 1000 EUR				
1	Fruit juices	2,243,190	1,348,220	60 %
2	Poultry meat, fresh, chilled and frozen	309,879	177,597	57 %
3	Meat preparations	2,113,254	1,063,424	50 %
4	Soy beans	5,186,140	2,364,083	46 %
5	Oilcakes	8,748,845	3,100,099	35 %

4.4. Japan

Second consecutive year of lower import

Japan It is one of the most densely populated countries in the world with very limited means to cover its own demand for agricultural products with domestic production. However, after a steady surge registered in the past, in 2014 Japanese imports of agri-food products decreased for the second year in a row. Exports remain quite modest and the agri-food trade balance has a significant deficit (almost €42 billion).

The US is the first supplier of agri-food products to Japan, representing more than one quarter of Japanese imports. The EU comes in as the second import origin for agri-food, with a share of around 16 %.

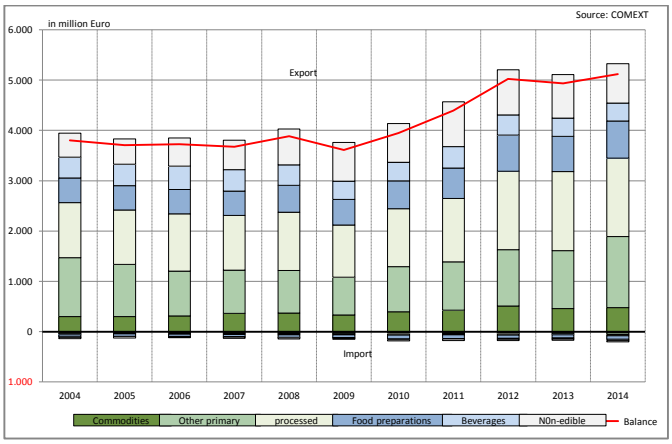
In total, fresh and preserved fruit and vegetables (including preparations) represent 11 % of the total Japanese imports, followed by cereals (excluding wheat and rice) with 8 %, pork (7 %) and cigarettes (6 %). All these products register a decreasing trend in imports, with the exception of pig meat.

On the export side, pasta and bakery products, soups, and other food preparations represent each 10 % of Japanese agri-food exports. The main destinations are Taiwan (20 %), Hong Kong (17 %) and the US 15 %.

Japan – agri-food trade with the EU

Japan is a major export destination for the EU, with a minor share in EU imports, resulting in a trade balance of more than €5 billion. Accordingly, the trade pattern consists effectively of one-way trade flows (EU exports to Japan), which is observed across all product classes.

Graph 34: Structure of EU28 agri-food trade with Japan 2004-2014

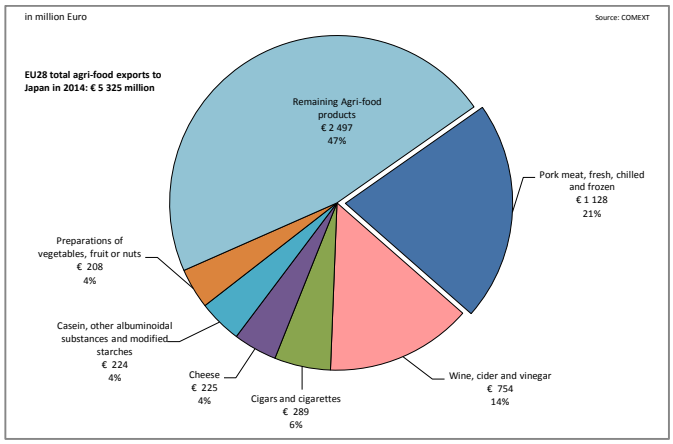


However, dynamics are more apparent among the product groups that incorporate higher degrees of processing.

During the last three years imports plateaued – with a slight decrease in 2013 and a moderate rebound in 2014. Still, export values reached an all-time high in 2014 with €5.3 billion, maintaining Japan to be the fifth most important destination for EU agri-food exports.

From the wide range of European products that are sold on the world market, the Japanese purchase preferences, expressed in the top six categories exported to Japan, include only three of the EU export flag ships: Pork meat, wine and preparations of vegetables. 'Cigars and cigarettes', 'cheese' and 'casein […]' exhibit lower weights in terms of total EU export values but are appreciated by the Japanese consumer.

Graph 35: Composition of EU agri-food exports to Japan in 2014



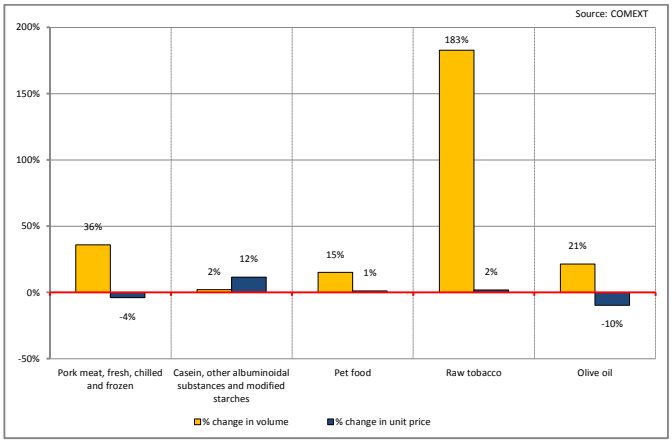
From the European perspective, Japan serves as an important sales market especially for pork meat.

Table 6: Japan as important destination for EU exports by product category

Rank	product category	EU export to world	EU export to Japan	Japanese share in total
in 1000 EUR				
1	Pork meat, fresh, chilled and frozen	3,691,106	1,128,182	31 %
2	Cocoa beans	14,779	3,408	23 %
3	Malt	1,050,865	125,476	12 %
4	Casein, other albuminoidal substances and modified starches	1,929,941	224,322	12 %
5	Fatty acids and waxes	483,113	55,054	11 %

In 2014, the greatest increases in exports to Japan were achieved in pork meat, casein, pet food, raw tobacco and olive oil. Across the board, export volumes increased alongside with the values, implying real trade creation. For instance, volumes of raw tobacco almost tripled between 2013 and 2014.

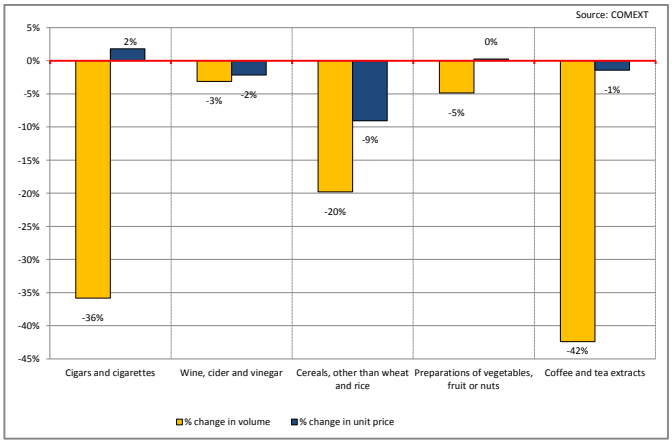
Graph 36: Annual percentage change in volume and unit price for the product categories with the largest export increases to Japan 2014



Note: Unit prices are calculated by division of traded value with traded volume of the product categories. The result may include effects of proportional changes between higher and lower valued items within the product category aggregate.

The strongest decreases in exports to Japan were also mostly due to changes in volume. It seems that the increase in raw tobacco exports counteracted a considerable decrease in cigars and cigarettes exports.

Graph 37: Annual percentage change in volume and unit price for the product categories with the largest export decreases to Japan 2014



Note: Unit prices are calculated by division of traded value with traded volume of the product categories. The result may include effects of proportional changes between higher and lower valued items within the product category aggregate.

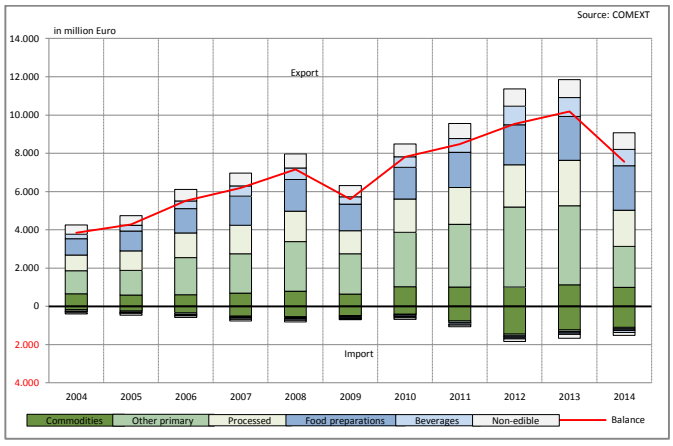
4.5. Russia

The development of agri-food trade between the EU and Russia is dominated by the import embargo Russia imposed for certain agricultural products in August 2014[9]. The 2014 annual trade data therefore represent unconstrained trade flows for the first half of the year (January to July) and embargo affected trade flows for the second half of the year (August to December).

The exchange rate between the Euro and the Russian Rouble had the same two-faced appearance in 2014. During the first half of the year it developed fairly sideways, but then the value of the Rouble dropped by 40 %. As a consequence, European products became much more expensive for the Russian buyers.

As a result, agri-food exports to Russia in 2014 decreased by -23 % compared to the previous year, amounting to about €9 billion only. Due to the reduced spending power in Russia, exports decreased in all product classes, however those embracing the banned products of course plummeted the most ('other primary' -48 % and 'processed' -20 %). The embargo disrupted the continued export growth path with almost tripled export values in 2013 compared to 2004 levels.

Graph 38: Structure of EU28 agri-food trade with Russia 2004-2014



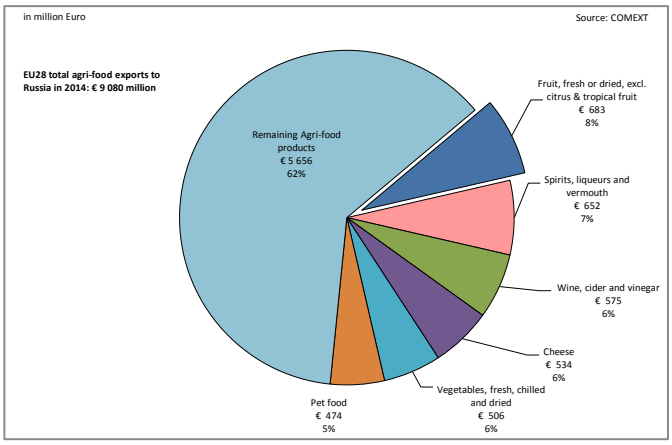
Irrespective of these trade distortions, Russia remained the second most important destination for EU agri-food exports, staying ahead of China.

Imports from Russia into the EU – marginal compared to exports – decreased by -8.5 %, with main losses in

[9] See info-box on the the Russian embargo.

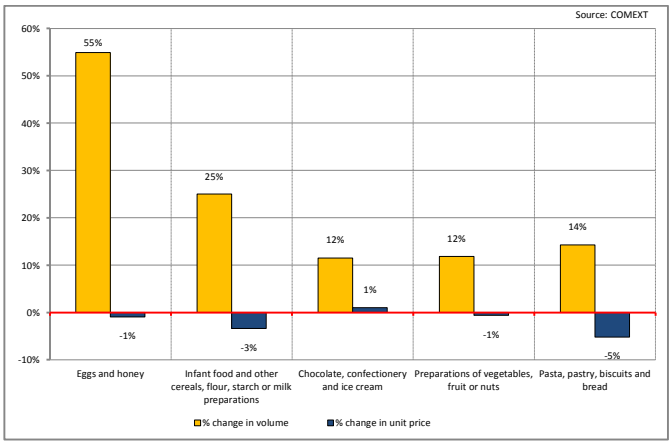
'non-edible', 'commodities' and 'other products', and increases in imports of 'beverages'. Imports remain to be dominated by 'commodities' with a share of 73 %.

Graph 39: Composition of EU agri-food exports to Russia in 2014



The list of top six export product categories still reflects the traditional demand in Russia for European products, except for pork meat which was subject to sanitary import restrictions already before the embargo. Despite the ban, fruit, cheese and vegetables retained their position in the top six annual statistics.

Graph 40: Annual percentage change in volume and unit price for the product categories with the largest export increases to Russia 2014

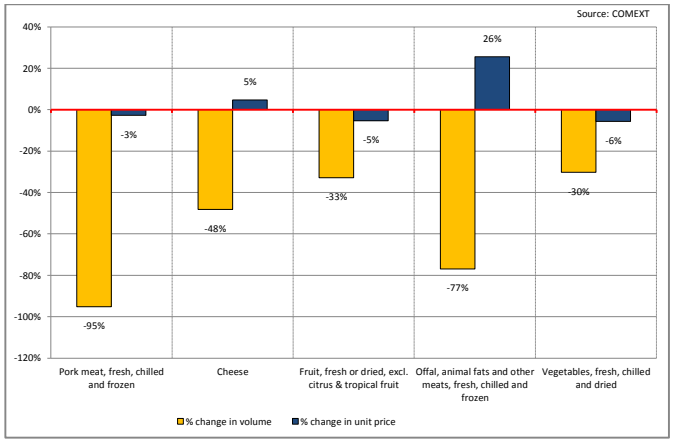


Note: Unit prices are calculated by division of traded value with traded volume of the product categories. The result may include effects of proportional changes between higher and lower valued items within the product category aggregate.

The biggest absolute export gains were recorded for 'eggs and honey', 'infant food', 'chocolate and confectionary', 'preparations of vegetables and fruit' and for 'pasta, pastry, biscuits and bread' (in descending order). Prices varied at low range but volume increases fuelled these export value increases.

Export value losses obviously were dominated by volume changes in the categories that were affected by the embargo. The total ban of exports in these product categories as of August 2014 translated into an annual decrease in value ranging between -34 % and -71 %. In January 2014 Russia closed its market to the EU for pig products based on doubts about the sanitary status of these products after African Swine Fever (ASF) had been detected in wild boars in Lithuania and Poland.

Graph 41: Annual percentage change in volume and unit price for the product categories with the largest export decreases to Russia 2014



Note: Unit prices are calculated by division of traded value with traded volume of the product categories. The result may include effects of proportional changes between higher and lower valued items within the product category aggregate.

Russia is the most important customer for EU exporters particularly of 'cut flowers and plants' and for 'eggs and honey'. 'Palm & palm kernel oils' rank first in table 7, but total EU exports are negligible and in fact is an example of re-exports, similar as for cocoa beans.

Table 7: Russia as important destination for EU exports by product category

Rank	product category	EU export to world	EU export to Russia	Russian share in total
in 1000 EUR				
1	Palm & palm kernel oils	150,138	83,602	56 %
2	Cut flowers and plants	662,586	264,385	40 %
3	Eggs and honey	595,492	176,730	30 %
4	Cocoa beans	14,779	3,828	26 %
5	Sugar alcohols	160,068	40,379	25 %

Russian import embargo: EU export development until April 2015

In reaction to the economic sanctions imposed by a group of countries on Russia over the Ukrainian crisis (valid from Aug 2014 to Aug 2015), Russia itself enacted in August 2014 a one-year import embargo for certain agricultural products originating from the United States, the EU, Canada, Australia and Norway. Meat, dairy products, fruits and vegetables were the targeted categories (HS chapters 02, 04, 07 and 08). After no progress had been made in Ukraine towards a peaceful resolution up to June 2015, the Russia-critical countries decided to extend the economic sanctions against Russia for another six months. In direct response, Russia prolonged the import embargo to be enforced until August 2016.

Compared to the equivalent period one year before, overall EU agri-food exports to Russia between August 2014 and April 2015 decreased from € 8.6 billion to € 5 billion (-42 %). This was the result of a complete disappearance of exports within the banned product categories and an approximate -10 % decrease for products not subject to the ban, the latter partly driven by the devaluation of the Russian Rouble. At the same time, however, total EU agri-food exports to third countries increased by 4.8 %. In spite of the Russian ban, monthly extra-EU28 exports (all agri-food products) reached an all-time high in March 2015 with almost €12 billion. April 2015 exports also were higher than twelve months before (+10 %). Most of the export growth in April was attained in the US and China.

Indeed, over the entire period of the embargo elapsed, the EU managed to compensate the losses in export sales to Russia by increasing agri-food exports to other main destinations and alternative markets. Major gains in export values were achieved in the US, China, Switzerland and in a number of key Asian markets such as Hong Kong and the Republic of Korea. This is especially true for meat and live animals in which EU exports between August 2014 and April 2015 increased by 4.6 % compared to the equivalent period twelve months before. For dairy products and fruit & vegetables overall export losses could be limited to -9.7 % and -11.5 % respectively. Up to April 2015, the most significant losses in export values at more disaggregated level were registered for fruit and vegetables, fresh dairy products and milk powders. Sales in butter at first had dropped considerably after the introduction of the embargo, but fully recovered during the consecutive nine months, due to an expansion on markets of Middle East countries.

EU28 Agri-Food Exports in Values (million Euro)	Extra-EU28			Russian Federation		
	Aug13-Apr14	Aug14-Apr15	%	Aug13-Apr14	Aug14-Apr15	%
All agri-food products	90 866	95 248	4.8%	8 611	4 981	-42.2%
Meat and live animals (pig, poultry and bovine)	6 818	7 130	4.6%	1 037	142	-86.3%
Dairy Products	7 708	6 960	-9.7%	1 071	26	-97.6%
Fruit & Vegetables	5 406	4 785	-11.5%	1 385	188	-86.4%

Note: Subjects of analysis are the affected agricultural sectors.
Not concerned products for the meat and live animals sector: processed meat and live animals within the HS sub-chapters 0102, 0103, 0105, 0201, 0202, 0203, 0207, 0210, 1601, 1602.
For the dairy sector all related HS sub-chapters are affected, including HS 0401, 0402, 0403, 0404, 0405 and 0406.
For the fruit and vegetable sectors all products in the HS chapters 07 and 08 are affected.

Within the EU, some Member States were more affected by the trade embargo than others. Those in direct proximity to Russia experienced the highest losses in agricultural exports in relative terms, since they are economically strongly linked to the Russian market. Looking at the product groups for which the EU as a whole registered export losses, Finland, the Baltic States and Poland suffered substantial losses in their cheese and butter exports. For milk powder Sweden and the Netherlands had the highest relative burden, while for fruit (apples, pears) Poland, Belgium and the Netherlands experienced the highest losses. In the case of tomatoes the Baltic States, Spain, Poland and Belgium suffered the most. The in relative terms lower decrease of exports of Member States with a larger absolute export value, i.e. France, Germany, the Netherlands and for certain products Denmark (pig meat), in some cases also translated into considerable export losses in absolute terms. After nine months since the entry into force of the Russian import embargo, the overall and the product-specific trends in EU exports seem to have quite stabilised.

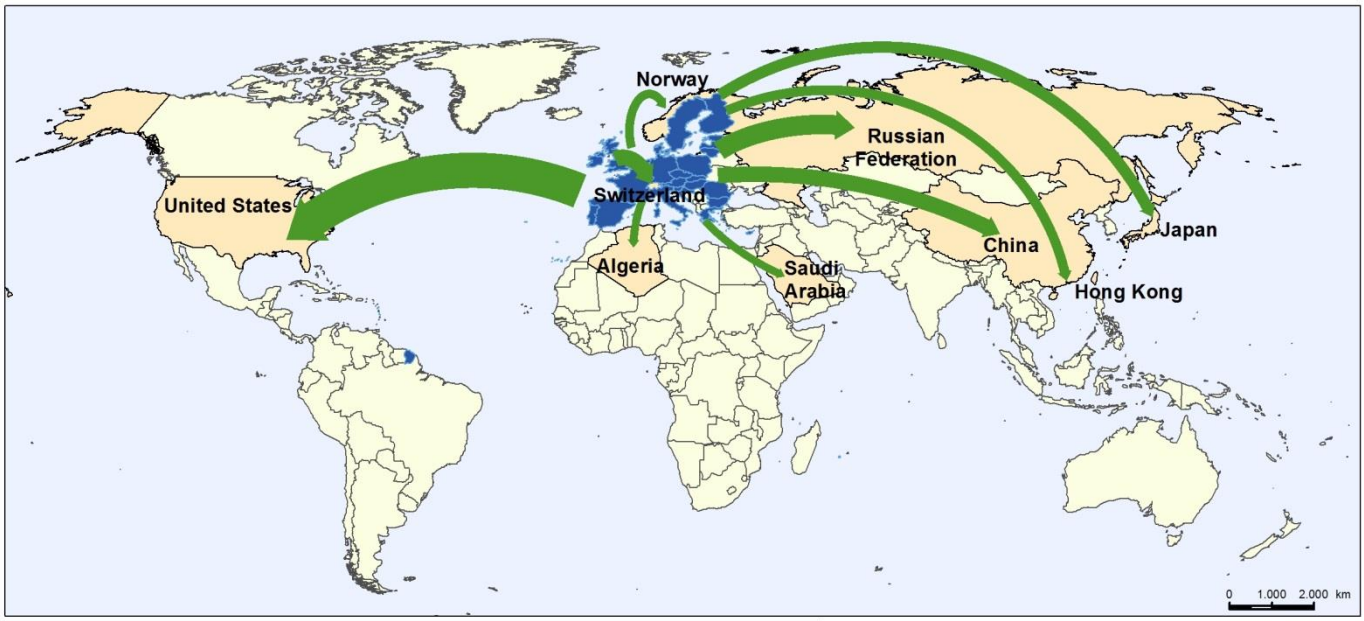
As a strategic response,, the EU strives to diversify its export destinations, in order to be more resilient to other potential geopolitical market distortions.

Annex

Product classification

Product groups	Product classes	Product categories
Agricultural food and feed products	Commodities	Wheat
		Cereals, other than wheat and rice
		Rice
		Flours and other products of the milling industry
		Malt
		Starches, inulin & gluten
		Soy beans
		Oilseeds, other than soy beans
		Palm & palm kernel oils
		Vegetable oils other than palm & olive oils
		Oilcakes
		Other feed and feed ingredients
		Beet and cane sugar
		Sugar, other than beet & cane
		Milk powders and whey
		Butter
		Gums, resins and plant extracts
		Unroasted coffee, tea in bulk & mate
		Cocoa beans
		Cocoa paste and powder
		Agricultural commodities, not specified
	other primary	Live animals
		Bovine meat, fresh, chilled and frozen
		Pork meat, fresh, chilled and frozen
		Poultry meat, fresh, chilled and frozen
		Sheep and goat meat, fresh, chilled and frozen
		Offal, animal fats and other meats, fresh, chilled and frozen
		Fresh milk and cream, buttermilk and yoghurt
		Eggs and honey
		Vegetables, fresh, chilled and dried
		Fruit, fresh or dried, excl. citrus & tropical fruit
		Citrus fruit
		Tropical fruit, fresh or dried, nuts and spices
		Miscellaneous seeds and hop cones
		Agricultural primary food products, not specified
	Processed (incl. wine)	Meat preparations
		Cheese
		Olive oil
		Preparations of vegetables, fruit or nuts
		Fruit juices
		Wine, cider and vinegar
		Roasted coffee and tea
Food preparations and beverages	Food preparations	Chocolate, confectionery and ice cream
		Infant food and other cereals, flour, starch or milk preparations
		Pasta, pastry, biscuits and bread
		Soups and sauces
		Coffee and tea extracts
		Food preparations, not specified
		Pet food
	Beverages	Waters and soft drinks
		Beer
		Spirits, liqueurs and vermouth
		Odoriferous substances
Non-edible	Non-edible	Raw hides, skins and furskins
		Non-edible animal products
		Wool and silk
		Cotton, flax and hemp, and plaiting materials
		Cut flowers and plants
		Bulbs, roots and live plants
		Raw tobacco
		Cigars and cigarettes
		Fatty acids and waxes
		Sugar alcohols
		Essential oils
		Ethanol
		Casein, other albuminoidal substances and modified starches
		Non-edible, not specified
		Products non-attributable

EU-28 EXPORTS OF AGRICULTURAL PRODUCTS 2014



Value of EU-28 exports to the main export partners

5 billion EUR

10 billion EUR

15 billion EUR

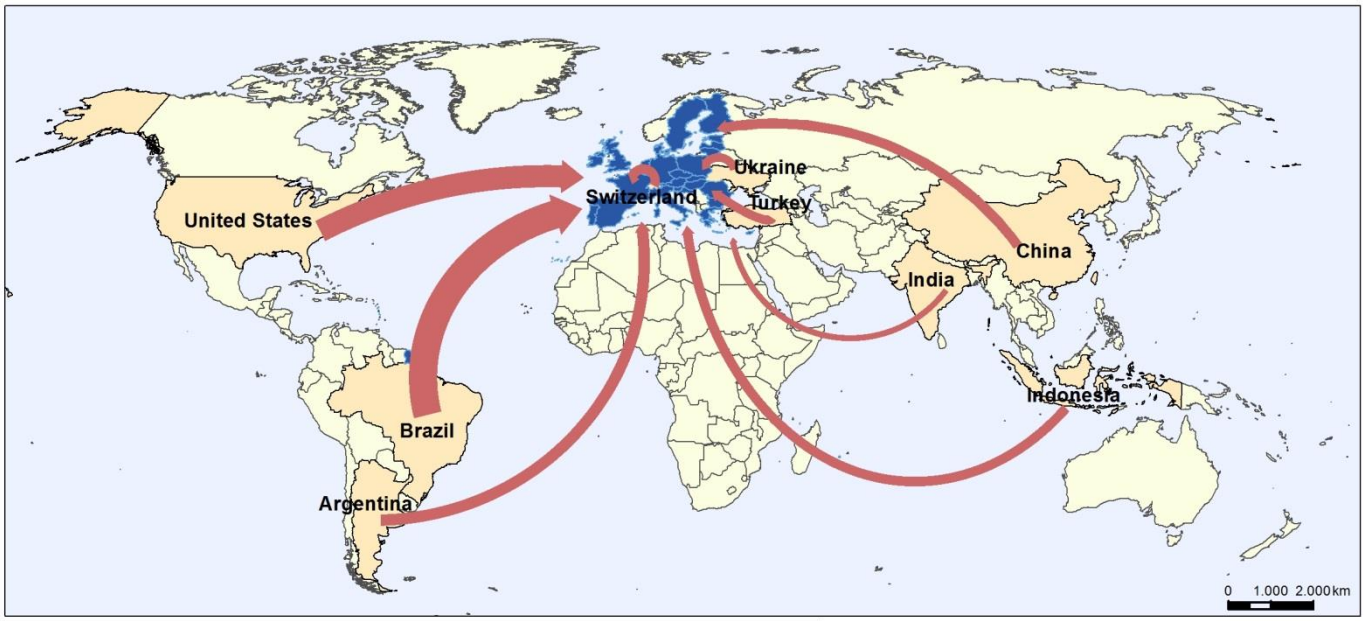
Source: Comext
Cartography: DG AGRI GIS-Team 03/2015

Map Projection World: Eckert III - Map Scale 1:160.000.000

Note : The borders of the map does not necessarily represent the official position of the EU. The map has only a statistical value.

EU28: Top Destinations 2014	Value (1 000 Euro)	Percentage
United States	16 397 845	13%
Russian Federation	9 093 428	7%
China	7 447 969	6%
Switzerland	7 233 173	6%
Japan	5 329 089	4%
Hong Kong	4 531 581	4%
Norway	4 030 059	3%
Algeria	3 615 094	3%
Saudi Arabia	3 578 550	3%
Extra-EU28	121 988 323	
Rest of the World	60 731 535	

EU-28 IMPORTS OF AGRICULTURAL PRODUCTS 2014



Value of EU-28 imports from the main import partners

5 billion EUR

10 billion EUR

15 billion EUR

Source: Comext
Cartography: DG AGRI GIS-Team 03/2015

Map Projection World: Eckert III - Map Scale 1:160.000.000

Note : The borders of the map does not necessarily represent the official position of the EU. The map has only a statistical value.

EU28: Top Origins 2014	Value (1 000 Euro)	Percentage
Brazil	13 112 595	13%
United States	10 333 186	10%
Argentina	5 280 670	5%
China	4 644 542	4%
Indonesia	4 457 643	4%
Switzerland	4 426 693	4%
Turkey	4 129 188	4%
Ukraine	3 949 448	4%
India	2 766 747	3%
Extra-EU28	103 780 838	
Rest of the World	50 680 127	

Contact: DG Agriculture & Rural Development: Agricultural Trade Policy Analysis unit.
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http://ec.europa.eu/agriculture/publi/map/index_en.htm