

Long Term Global Meat Market Developments

7th January, 2011

Growing the success of Irish food & horticulture

Bord Bia
Irish Food Board

Outline

- ✓ Recent trends in global meat market
- ✓ Key market drivers
- ✓ Potential developments to 2020

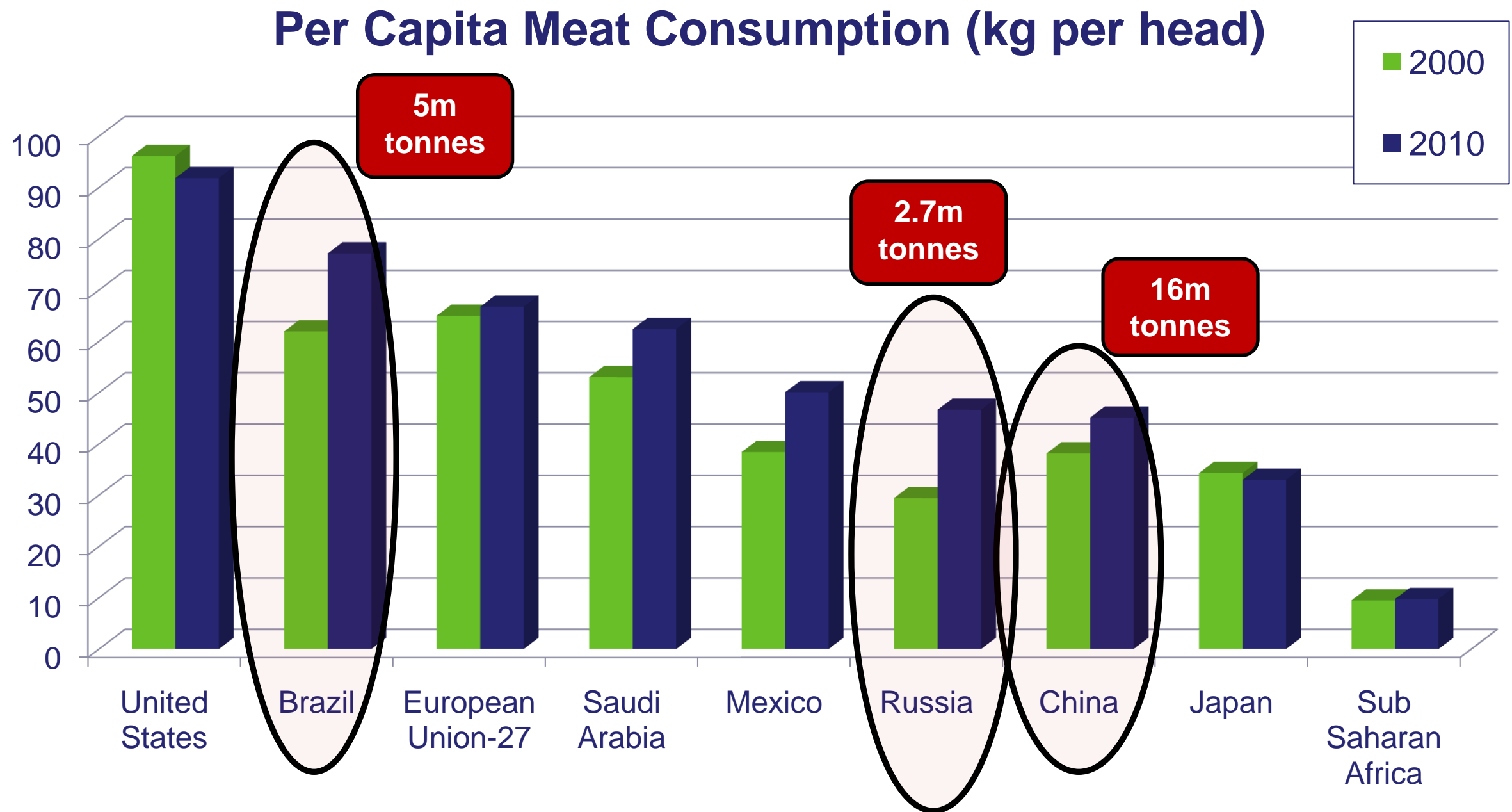


Recent trends in Global Meat Market

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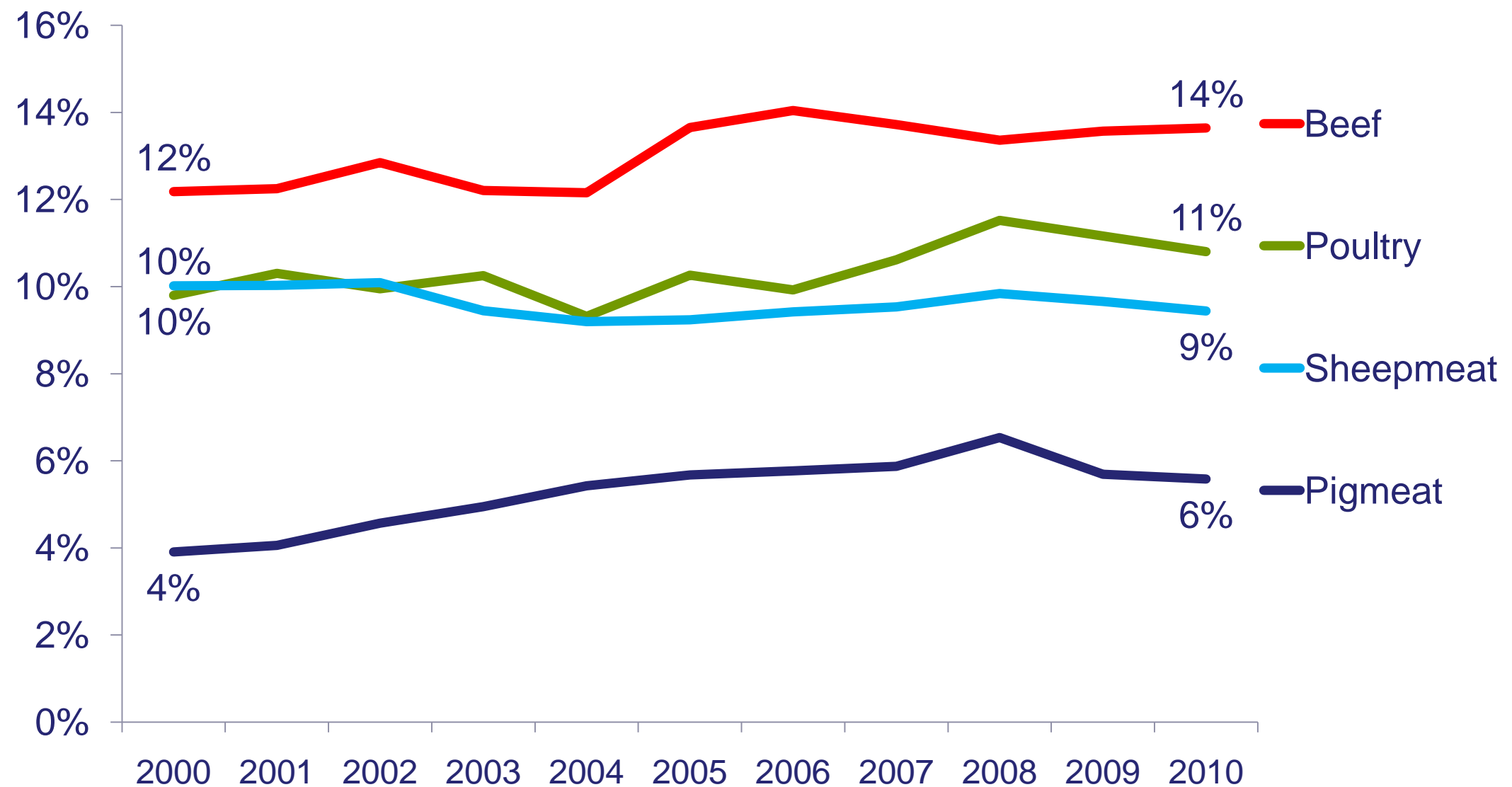
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Per capita consumption continues to grow



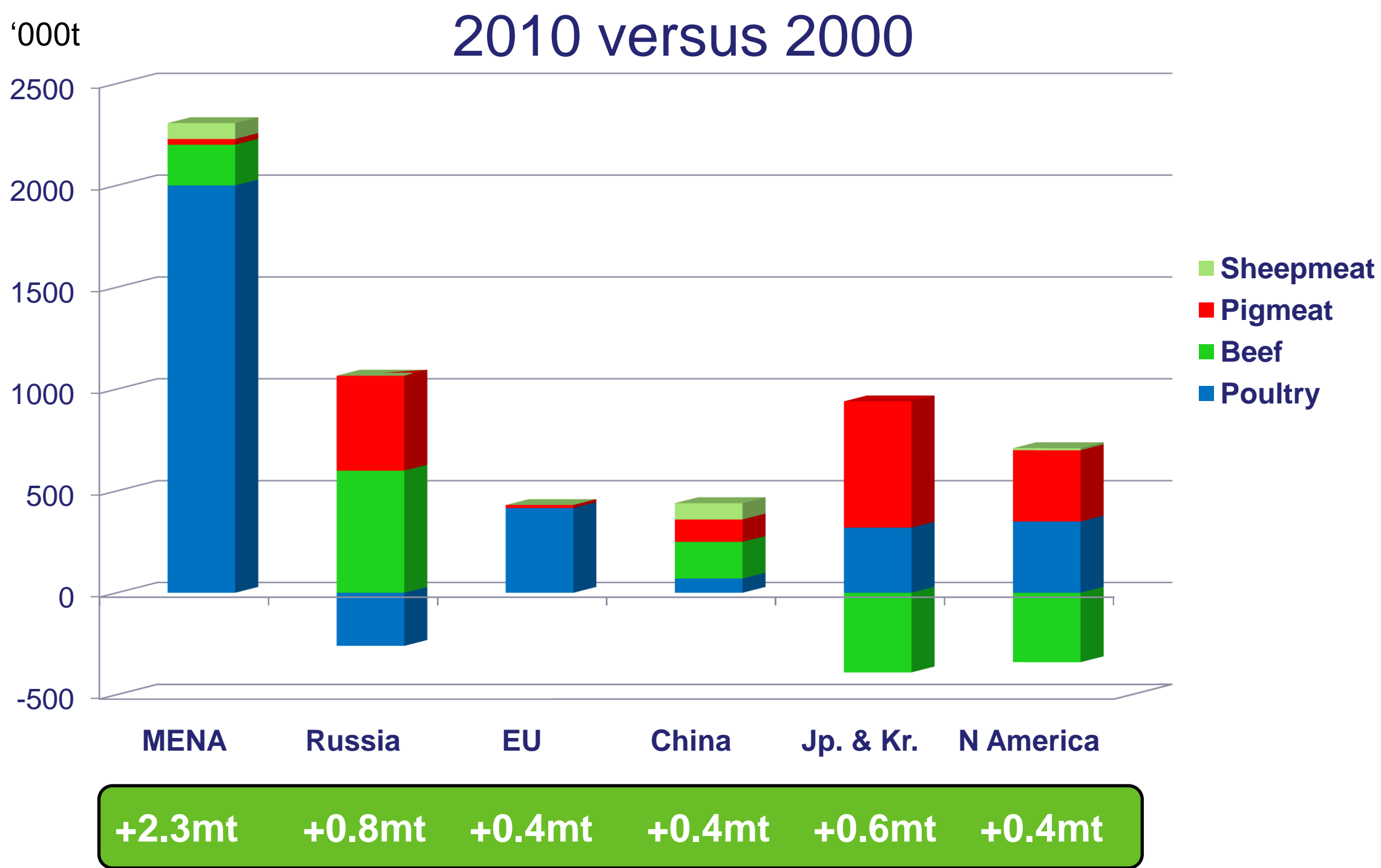
Source: FAO/OECD

Proportion of meat traded gradually increasing



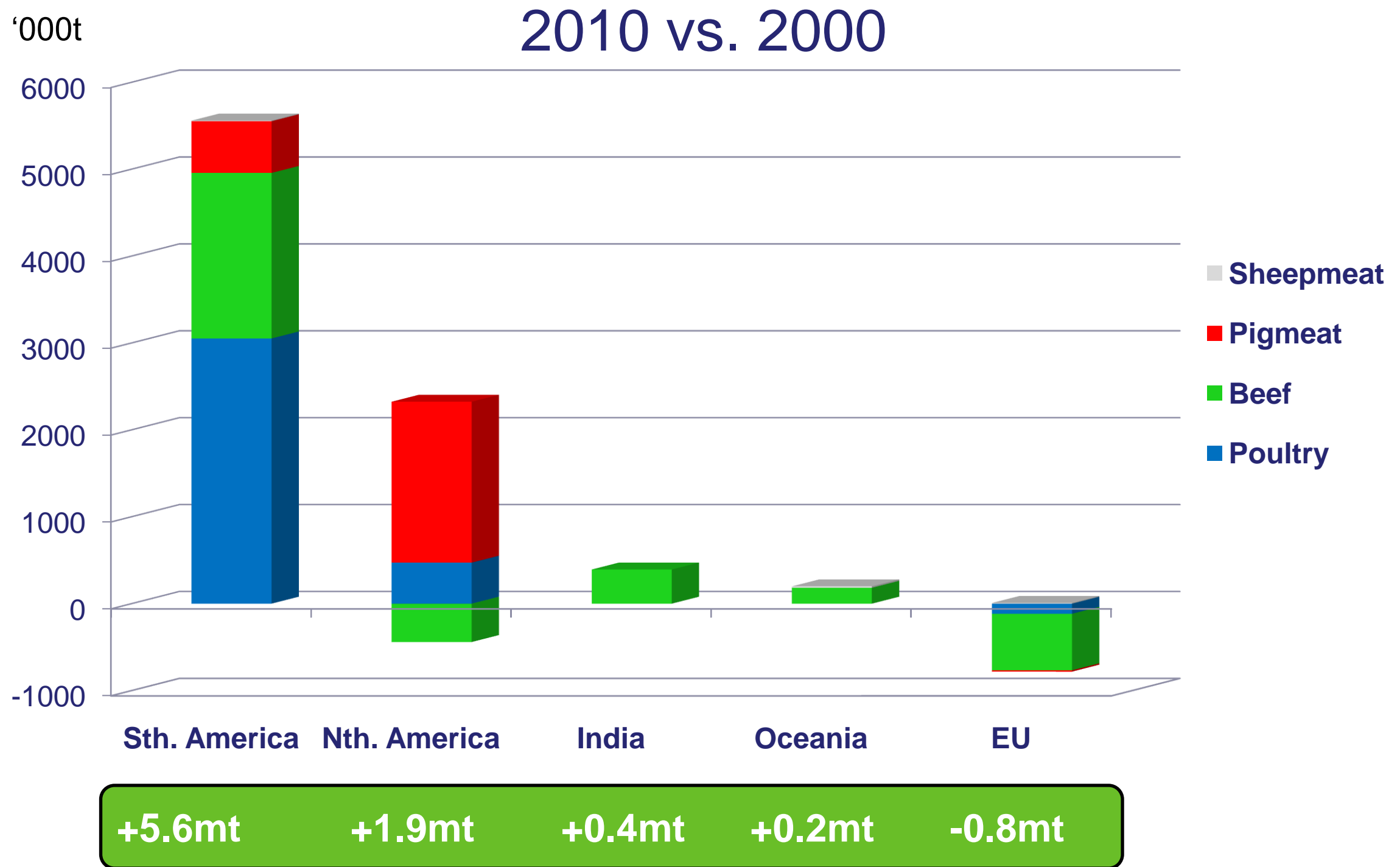
Source: FAO/OECD

Middle East, Russia & Asia driving import demand



Source: FAO/OECD

America's fuelling export growth

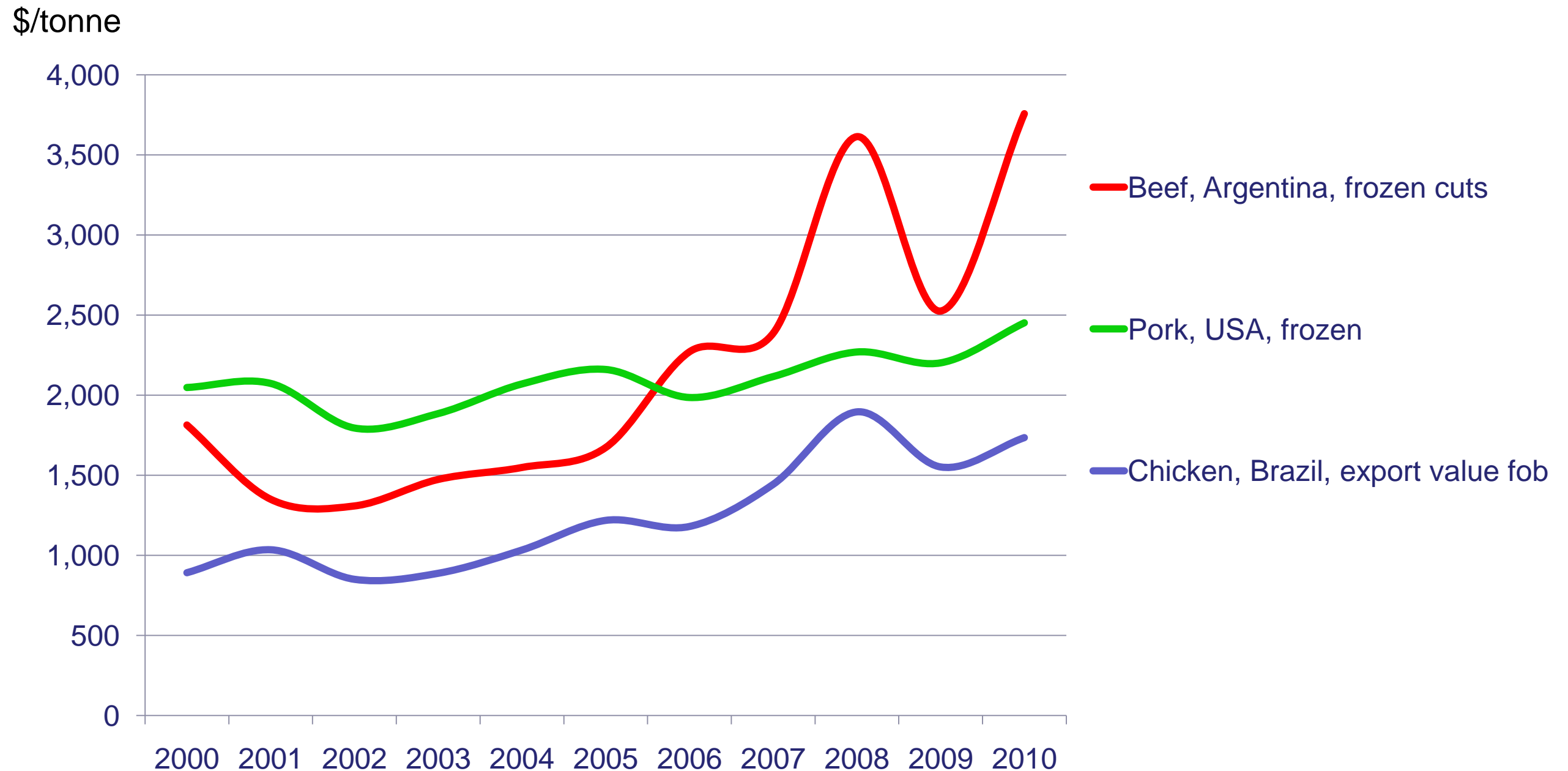


Source: FAO/OECD

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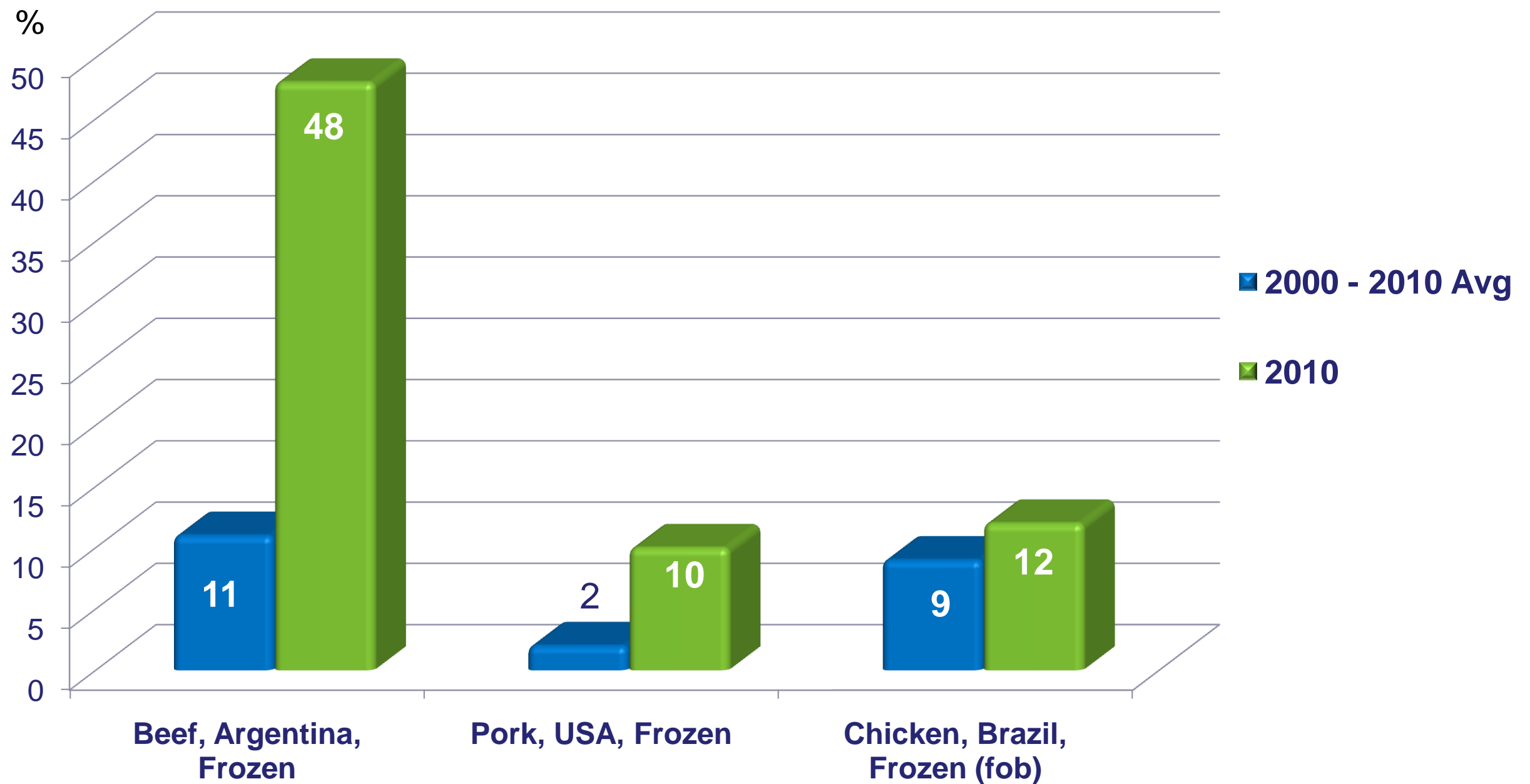
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World meat prices increasing.....



Source: FAO

2010 saw accelerated growth in world prices



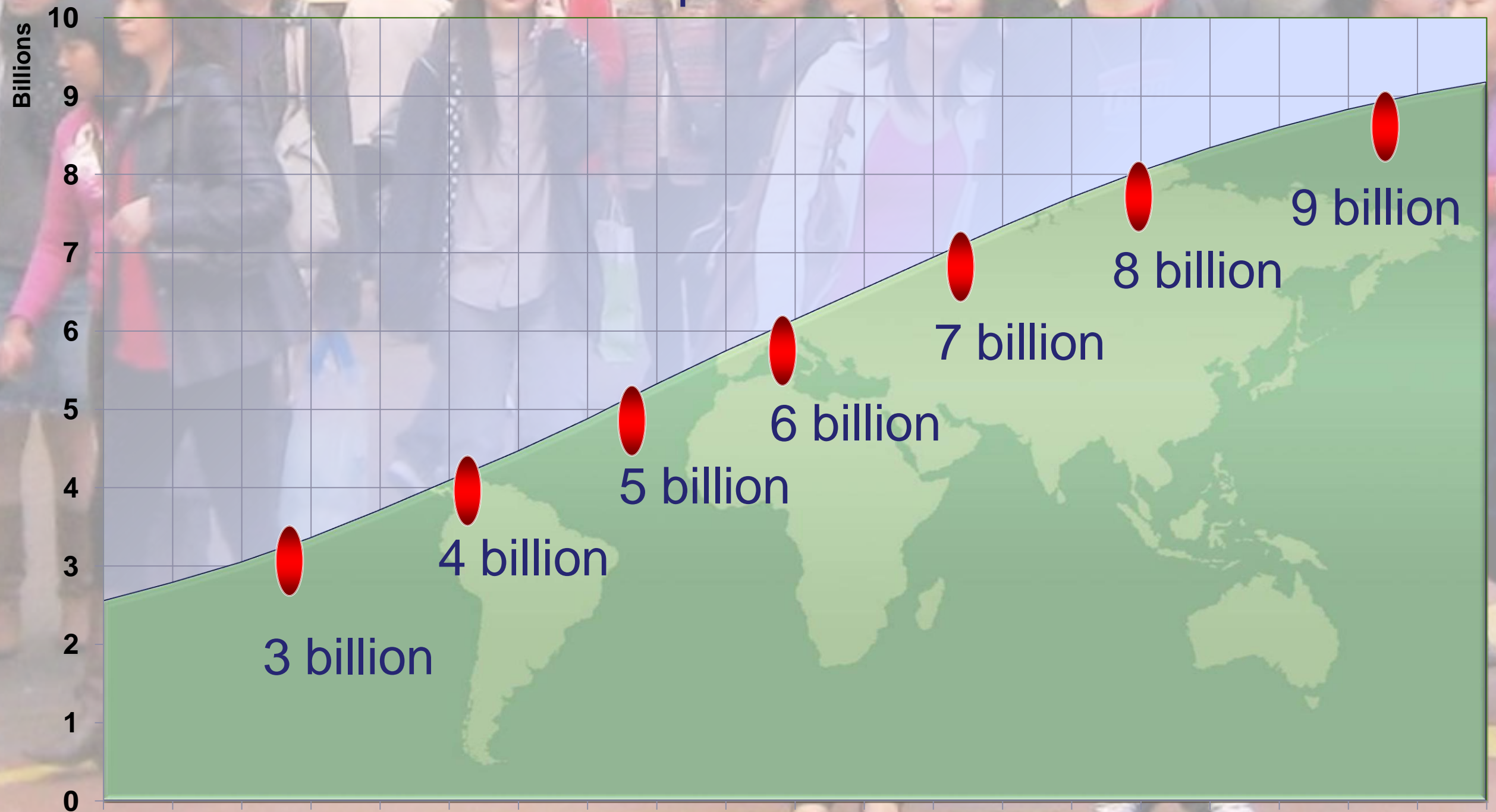
Source: FAO

Key Drivers of Change

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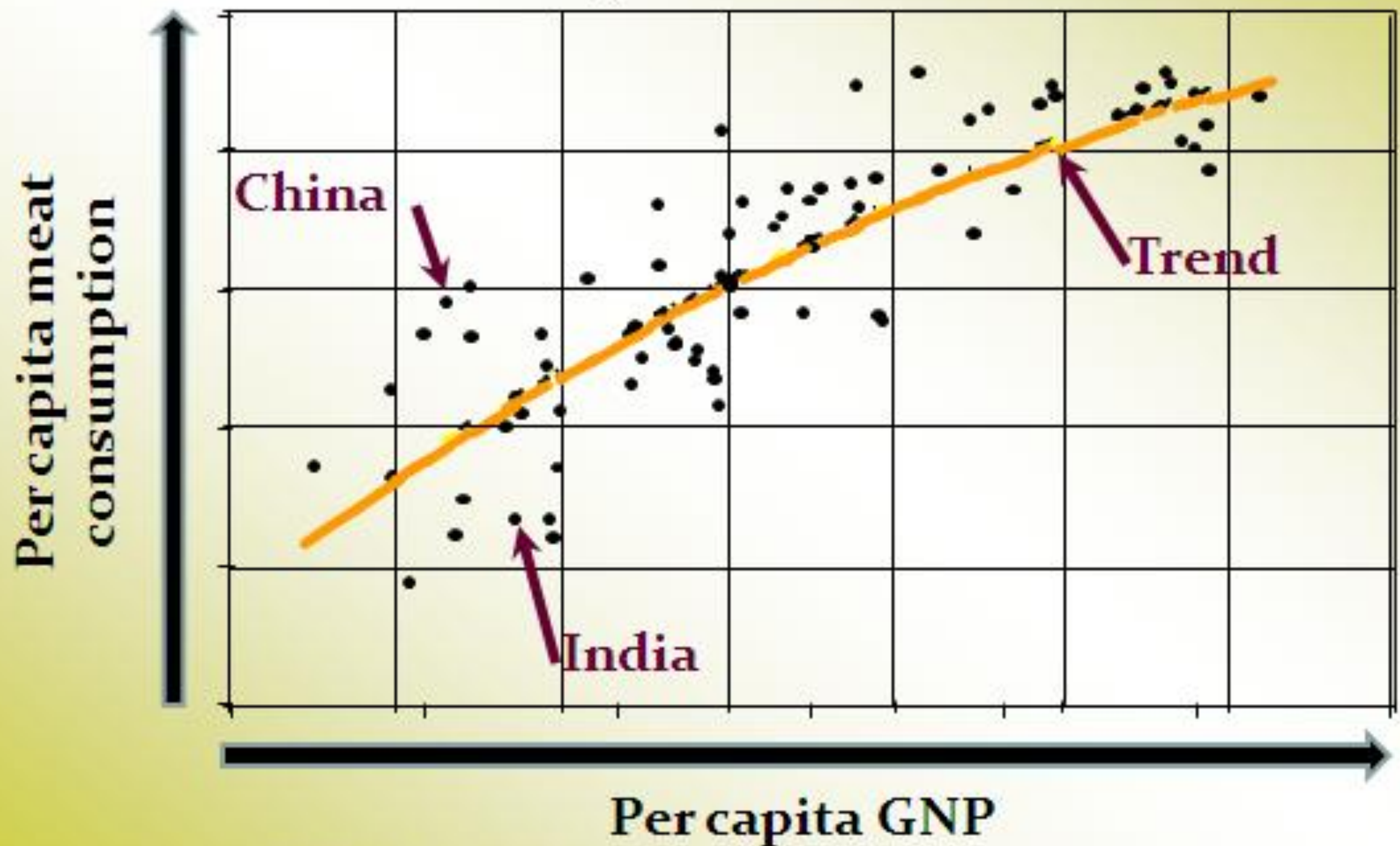
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World Population 1950 - 2050



By 2050 some 70% will live in urban areas. Almost three quarters will be in Asia and Africa

A strong increase in demand for meat as income grows



Source: IFPRI, FAO,

The issue of Land.....

Availability

Use



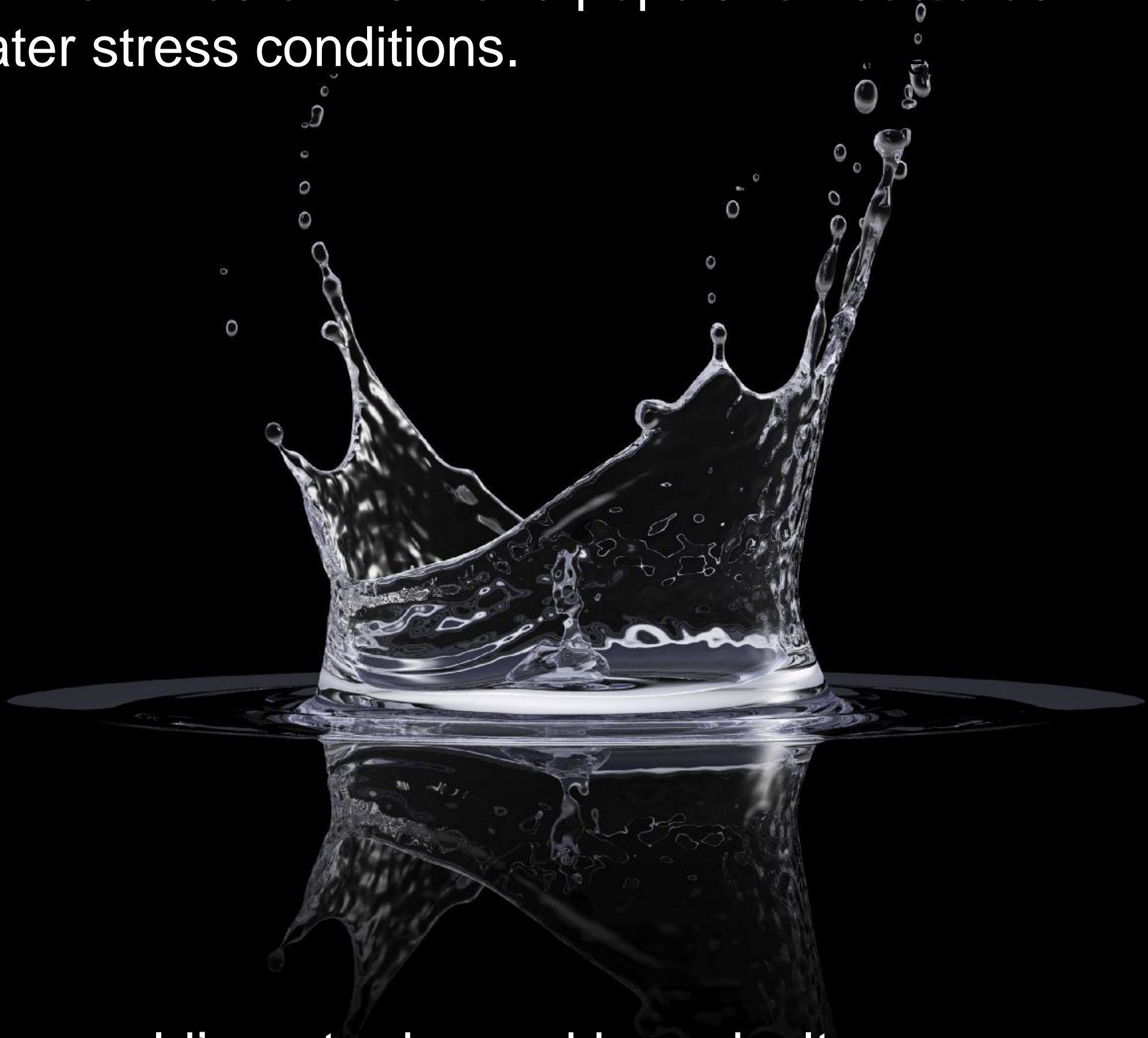
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Climate Change: impact of disruptive weather and precipitation patterns on long-term agricultural output



By 2025, two-thirds of the world population could be living under water stress conditions.



70% of the world's water is used in agriculture

Other issues.....



Volatility

- Feed costs and output prices



Trade Policy



Profitability

- Farm & processing level

US Hard Red Winter Wheat, \$/tonne



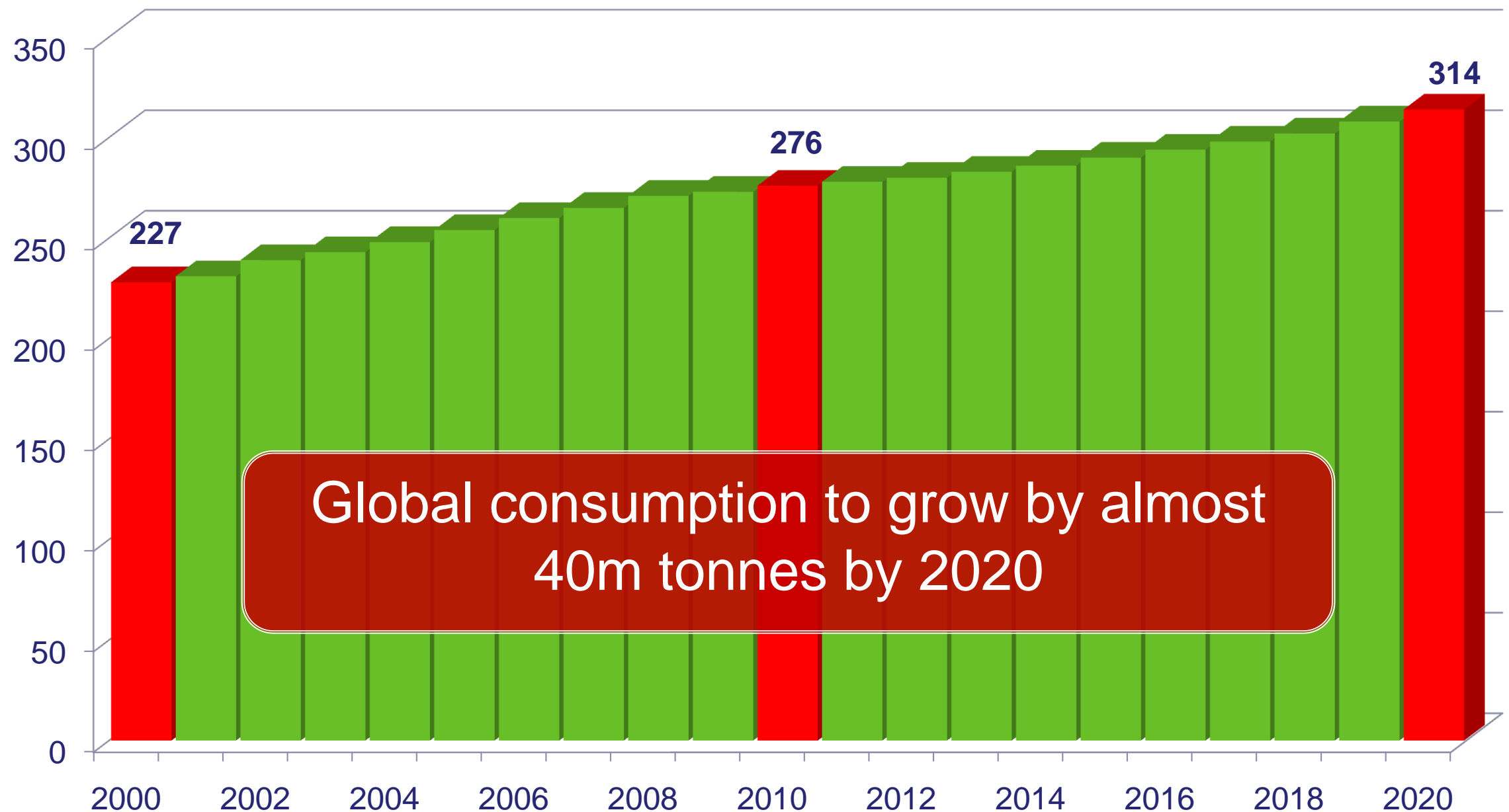
Developments to 2020

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Growth in meat consumption to continue

M tonnes



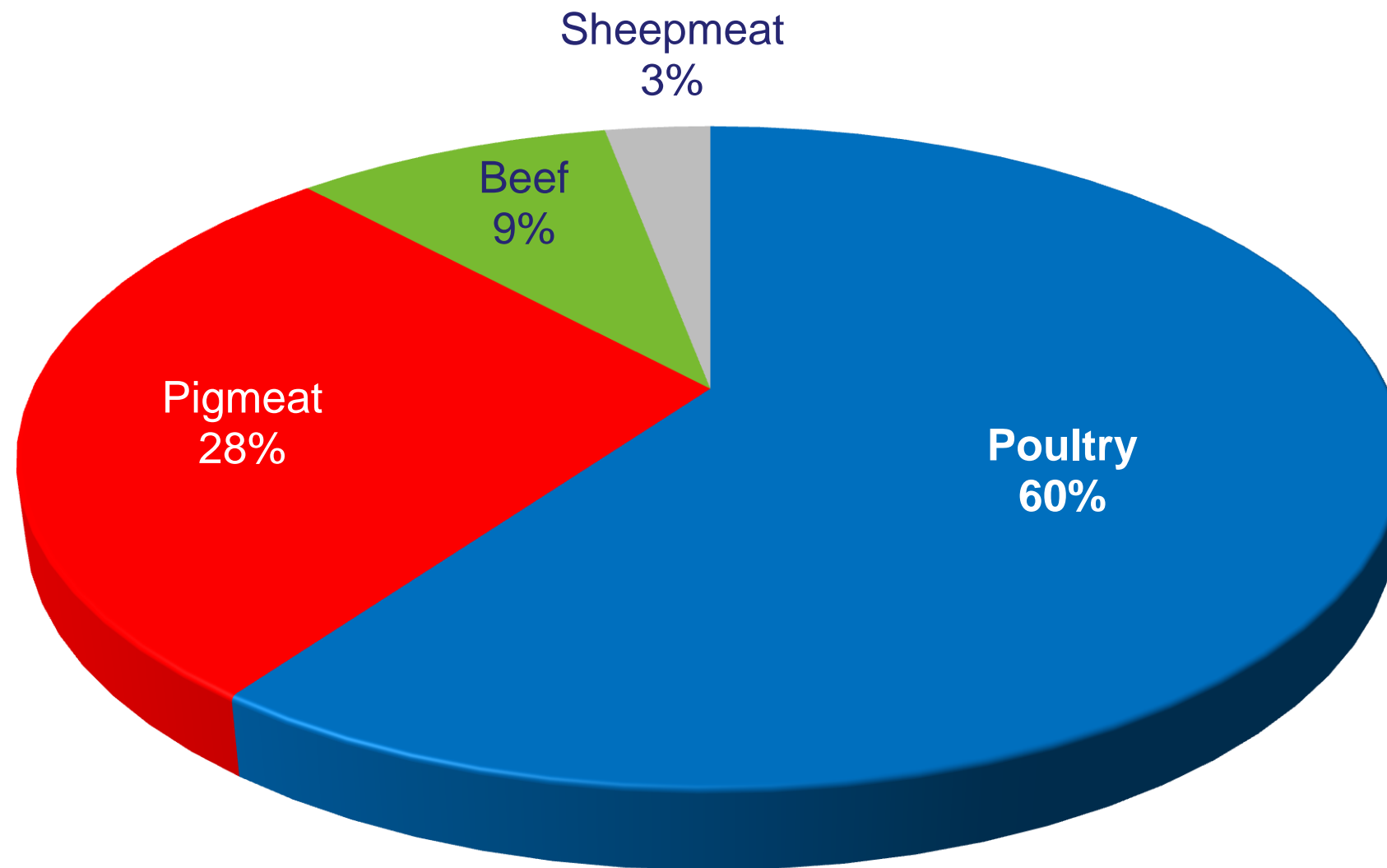
Source: Bord Bia based on FAO/GIRA

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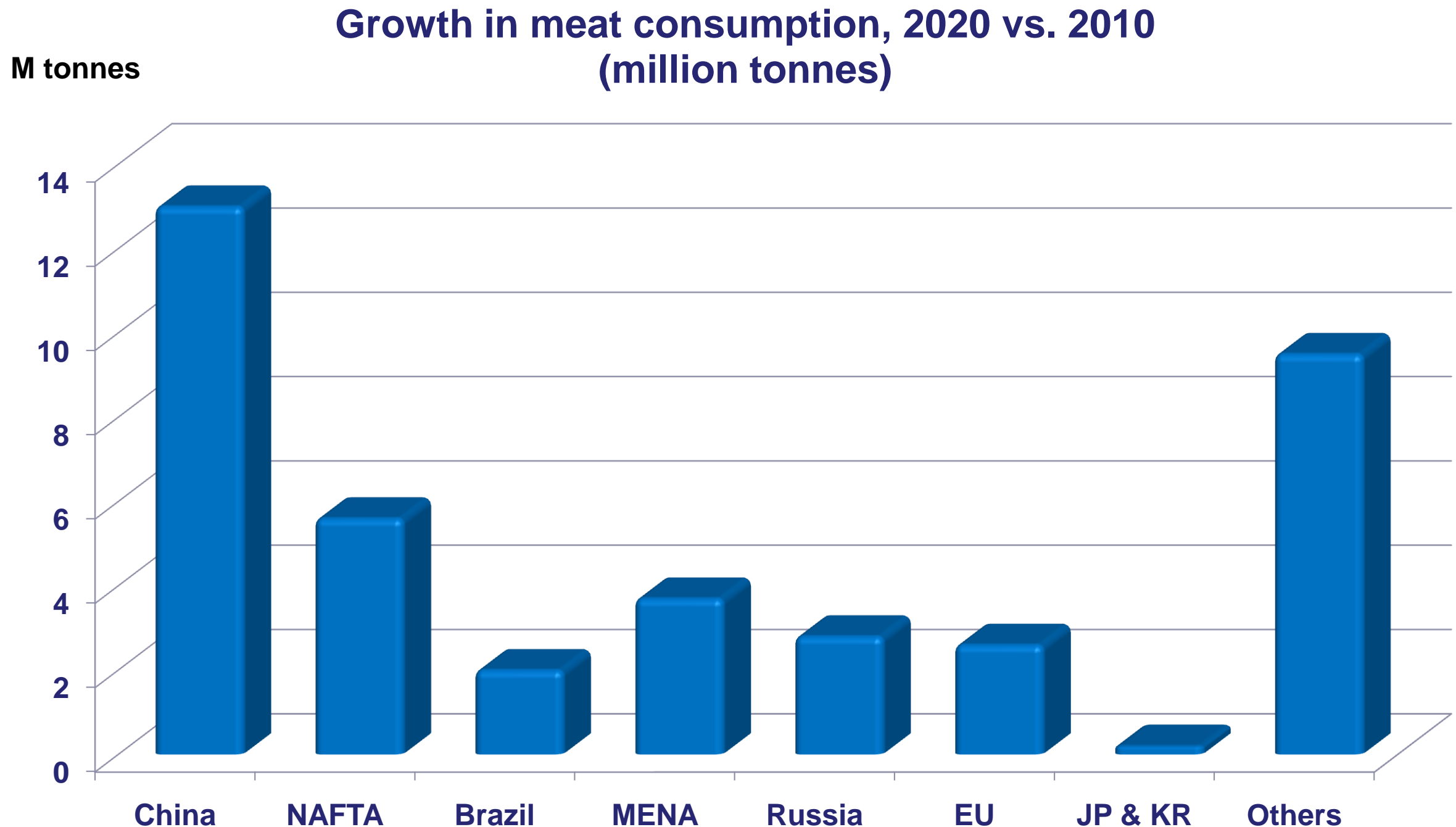
Poultry the main beneficiary

Share of meat consumption growth, 2010 – 2020 (%)



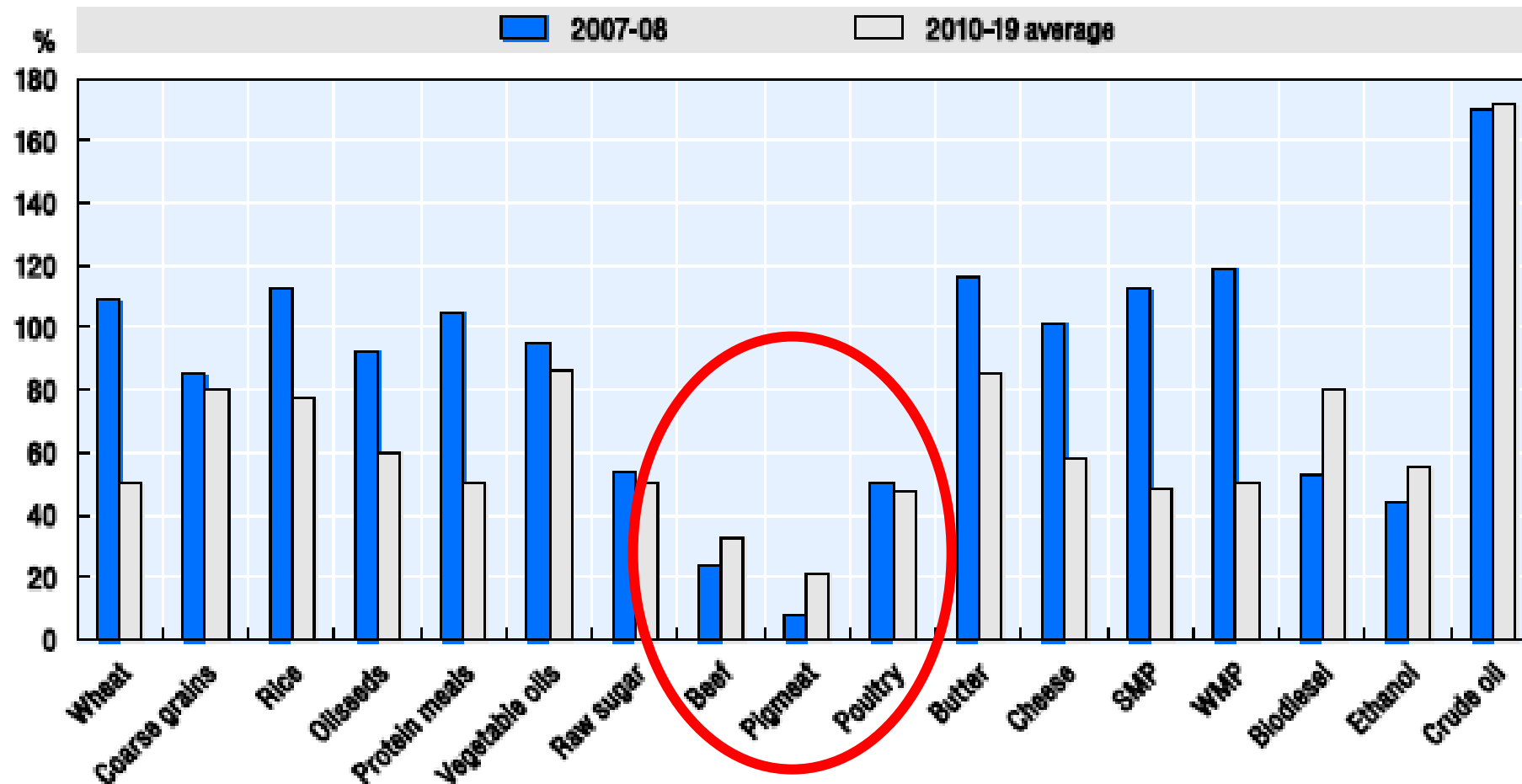
Source: GIRA Long Term Meat Study

Asia to drive growth in demand



Meat Price Prospects

Figure 1.1. Nominal commodity prices to remain above average levels of the previous decade but lower than 2007/08



Source: OECD and FAO Secretariats

- Some rise in 'real terms' anticipated
- Especially red meat due limited supply growth

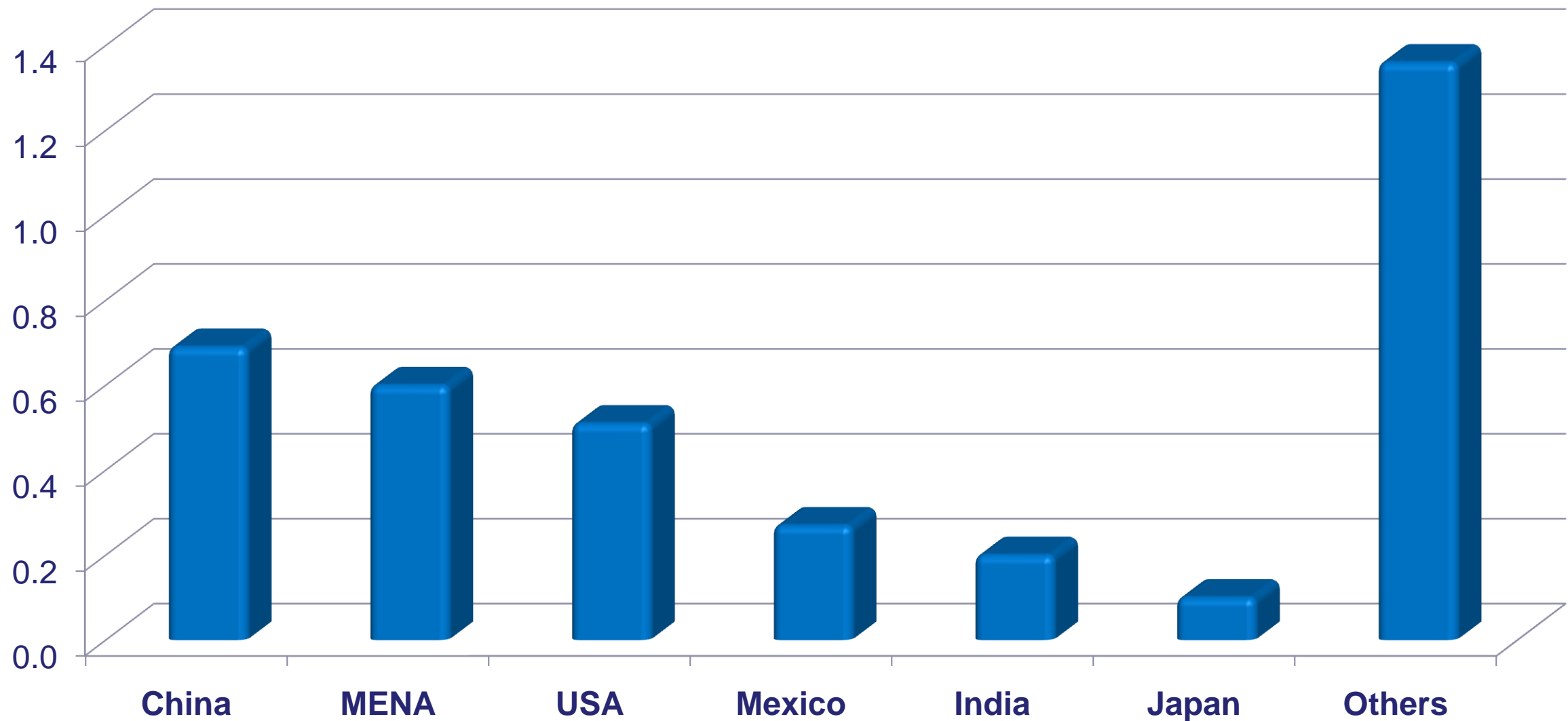
Trends by meat

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Beef consumption to grow by 6% or 4 million tonnes

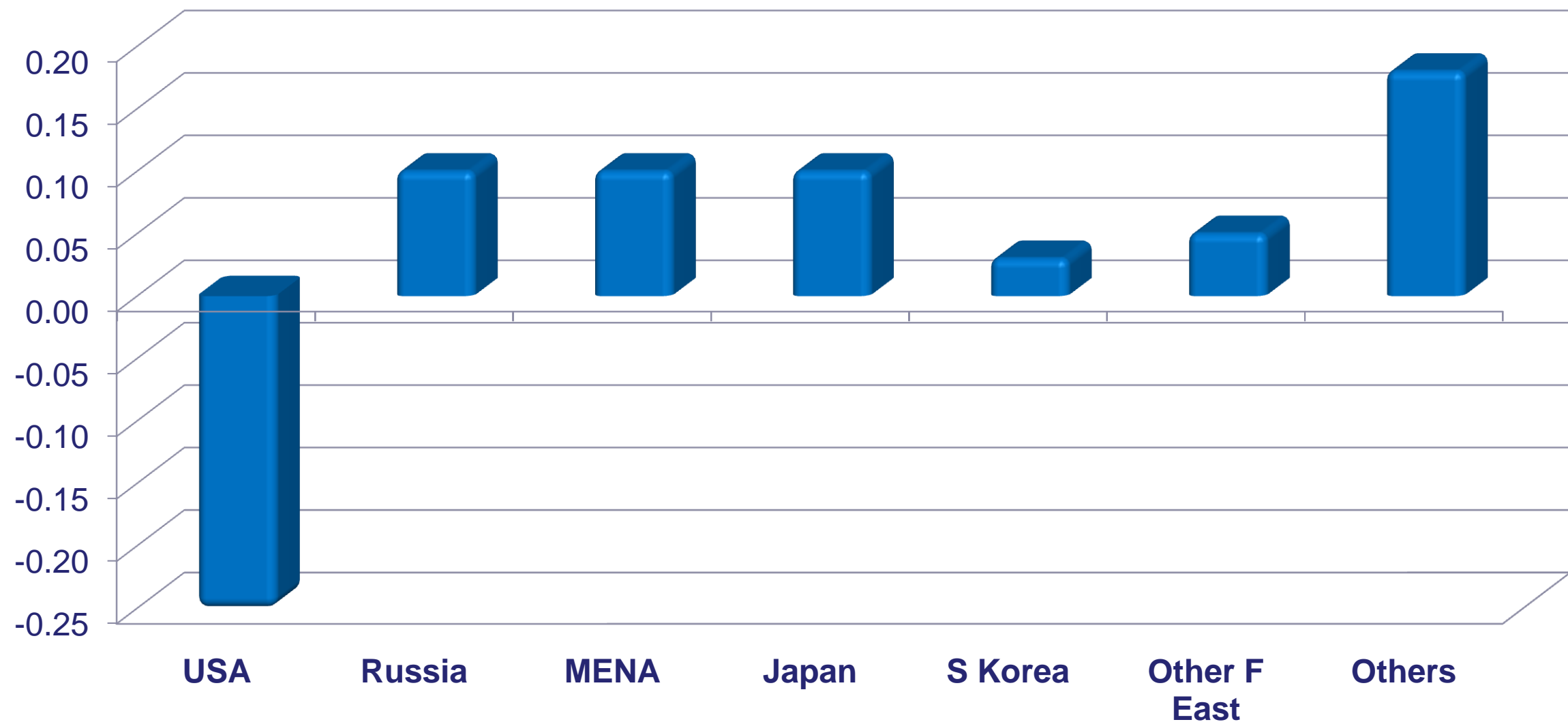
**Growth in beef consumption by region, 2020 Vs. 2010
(Million Tonnes)**



Source: GIRA Long Term Meat Study

Leading to growth in import demand

**Growth in beef imports by region, 2020 Vs. 2010
(Million Tonnes)**



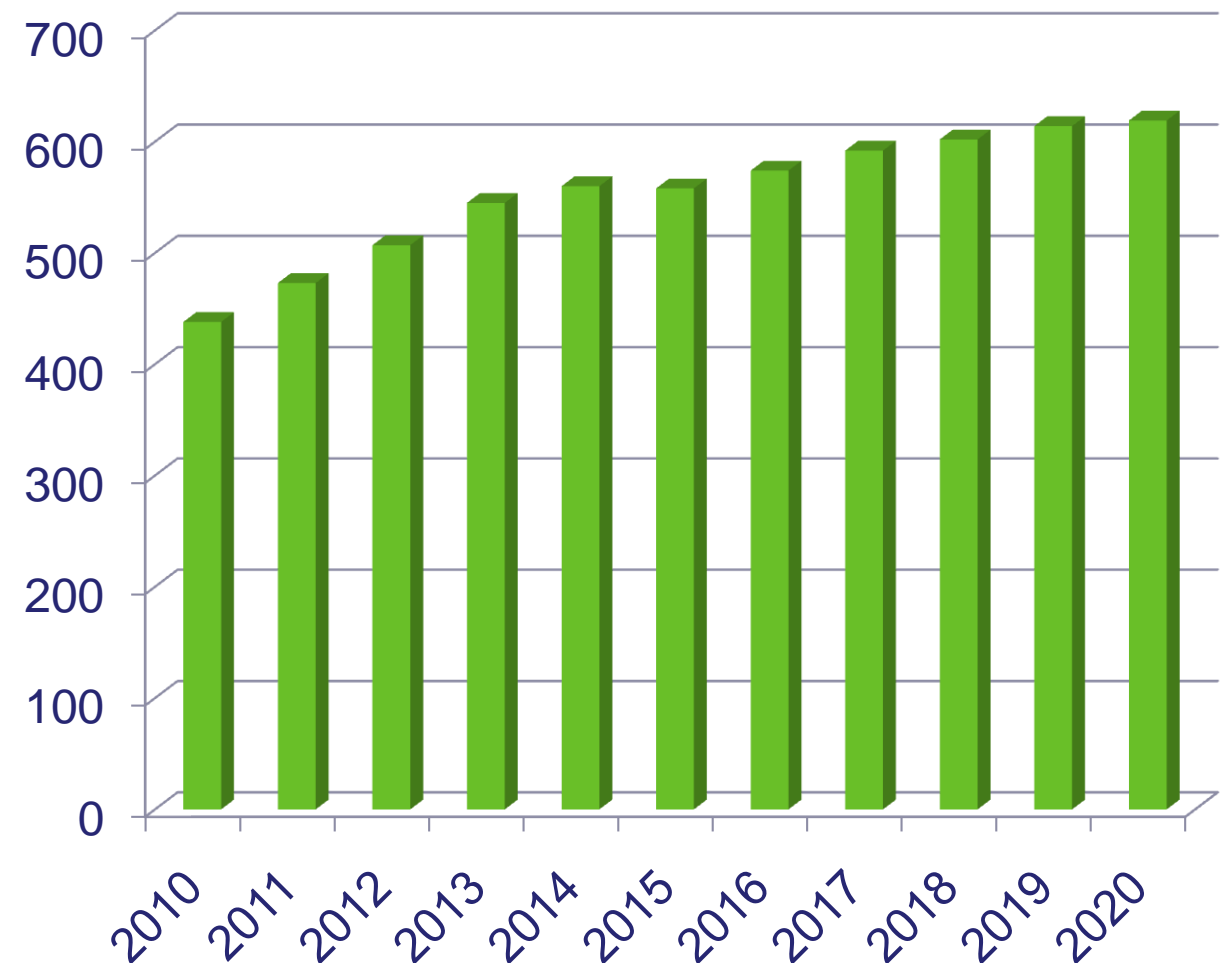
Source: GIRA Long Term Meat Study

EU Commission beef projections, 2010 - 2020

Assuming unchanged
Trade Policy

- ✓ Net production to fall by 7%
 - Fall of 7% in dairy cows
- ✓ Consumption to drop by 3%
- ✓ Imports to grow by 180,000t
- ✓ Exports to fall by 60,000t

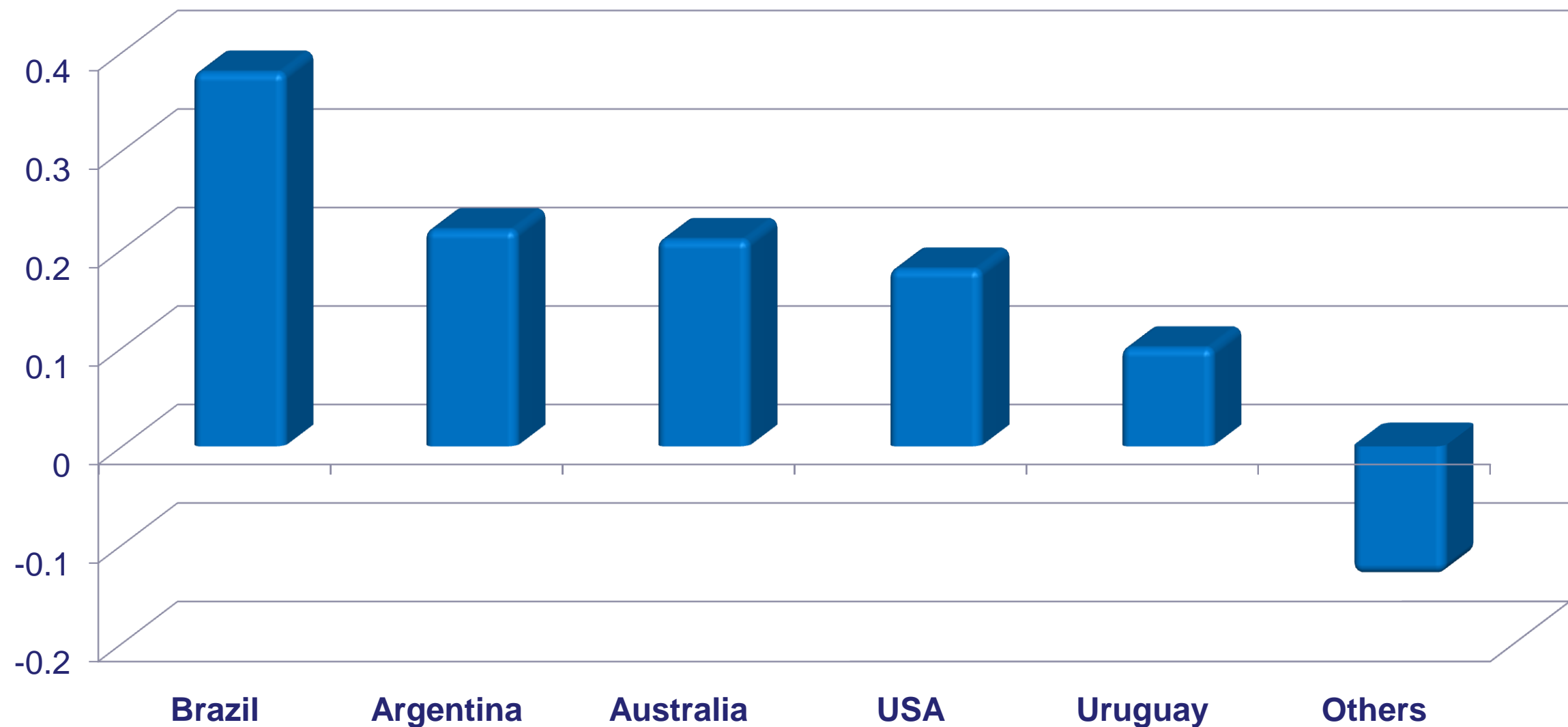
EU Beef Imports, 2010 – 2020
(‘000t cwe)



Source: EU Commission, December 2010

Beef export growth to be driven by South America

Change in beef exports, 2020 Vs. 2010
(Million Tonnes)

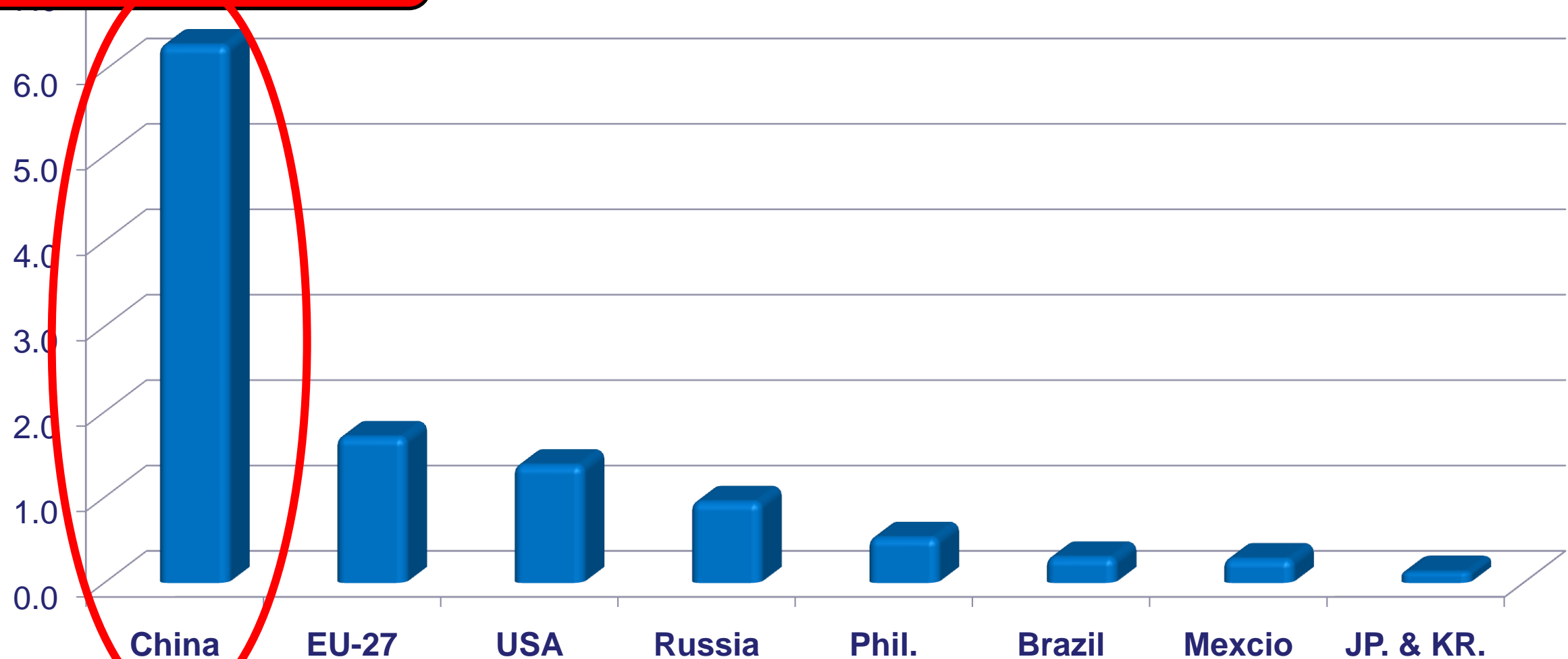


Source: GIRA Long Term Meat Study

Pigmeat consumption to rise by 10% or 11m tonnes

Growth in pigmeat consumption by region, 2020 Vs. 2010
(Million Tonnes)

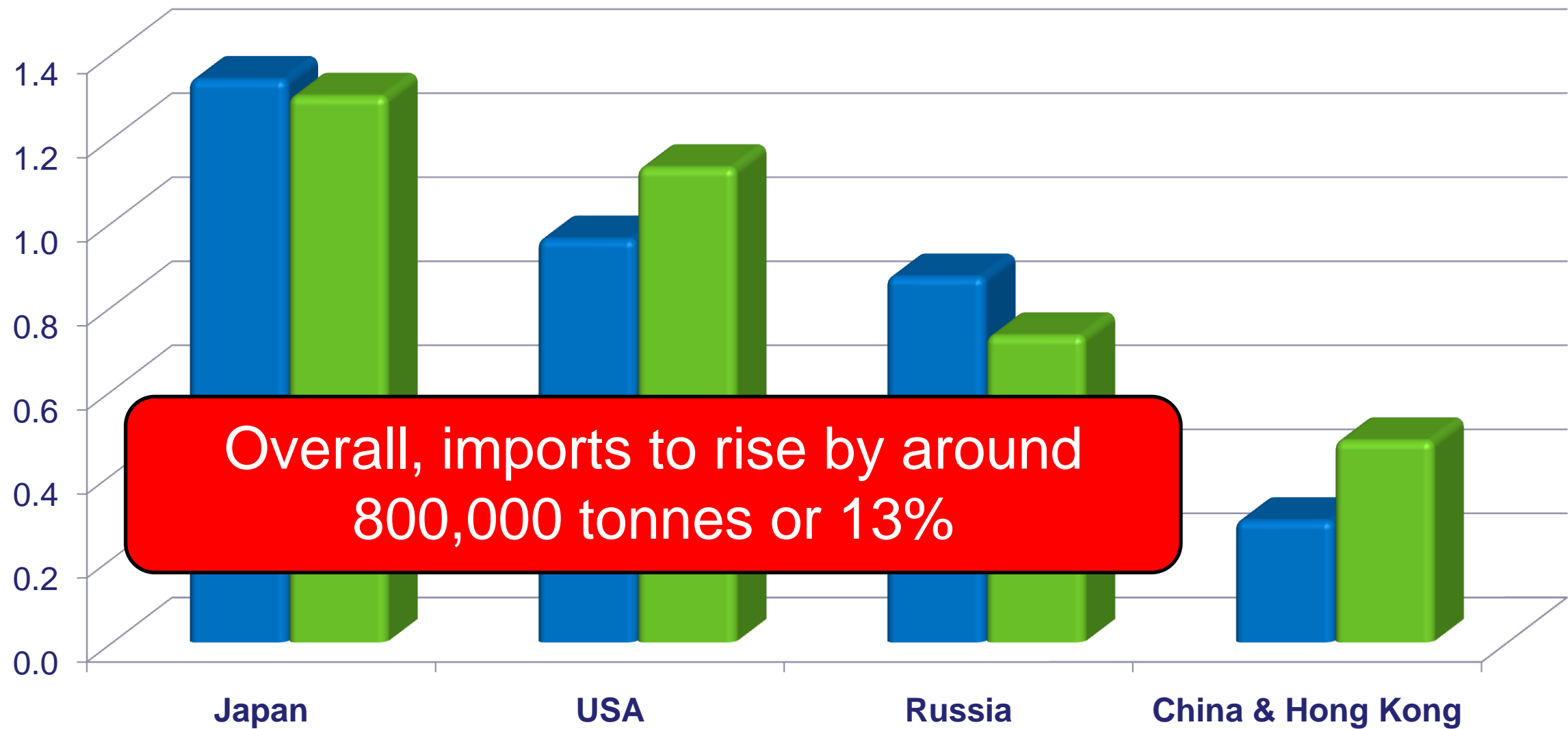
60% of growth



Source: GIRA Long Term Meat Study

However, growth in pigmeat trade more limited

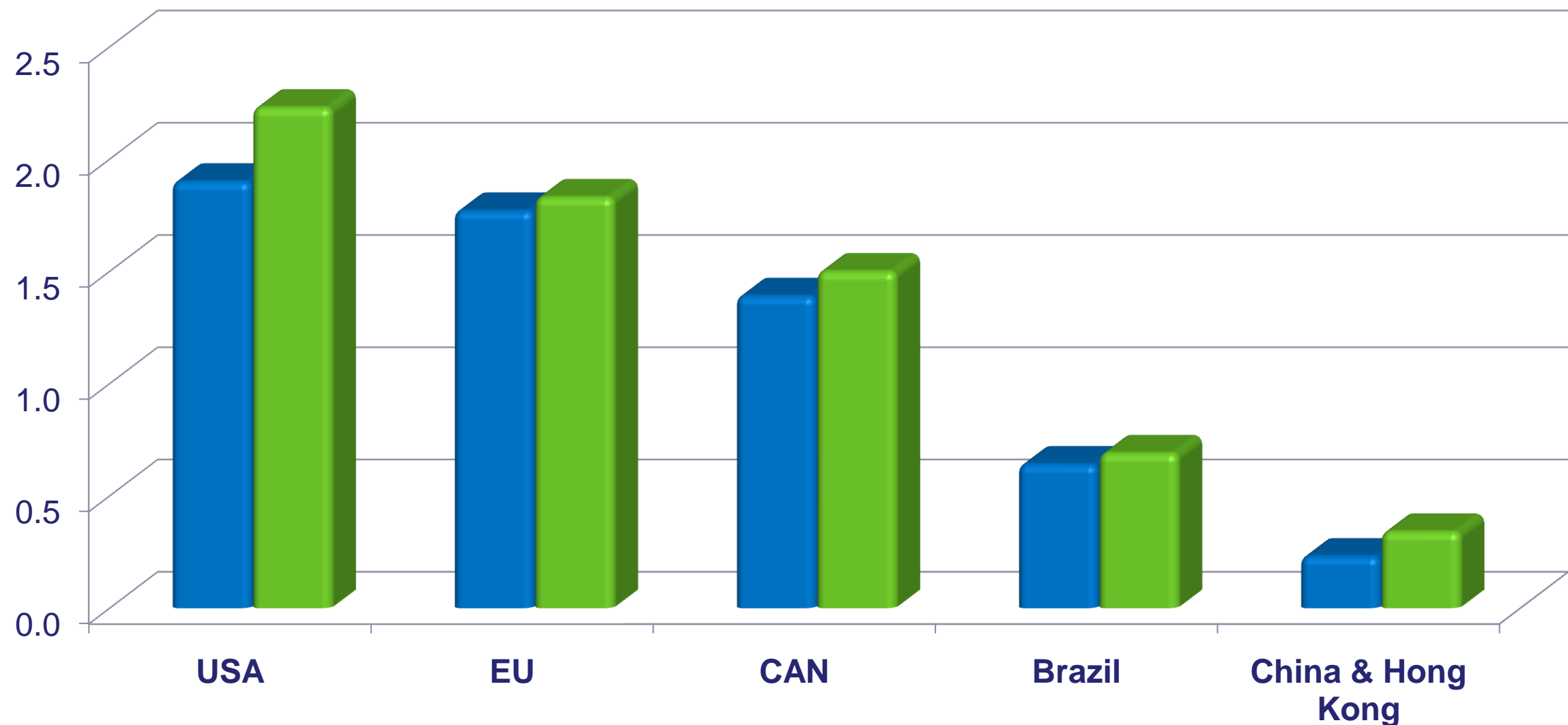
Pigmeat imports by key country, 2020 Vs. 2010
(Million Tonnes)



Source: GIRA Long Term Meat Study

Export growth to be driven by North America

Pigmeat exports by key supplier, 2020 Vs. 2010
(Million Tonnes)

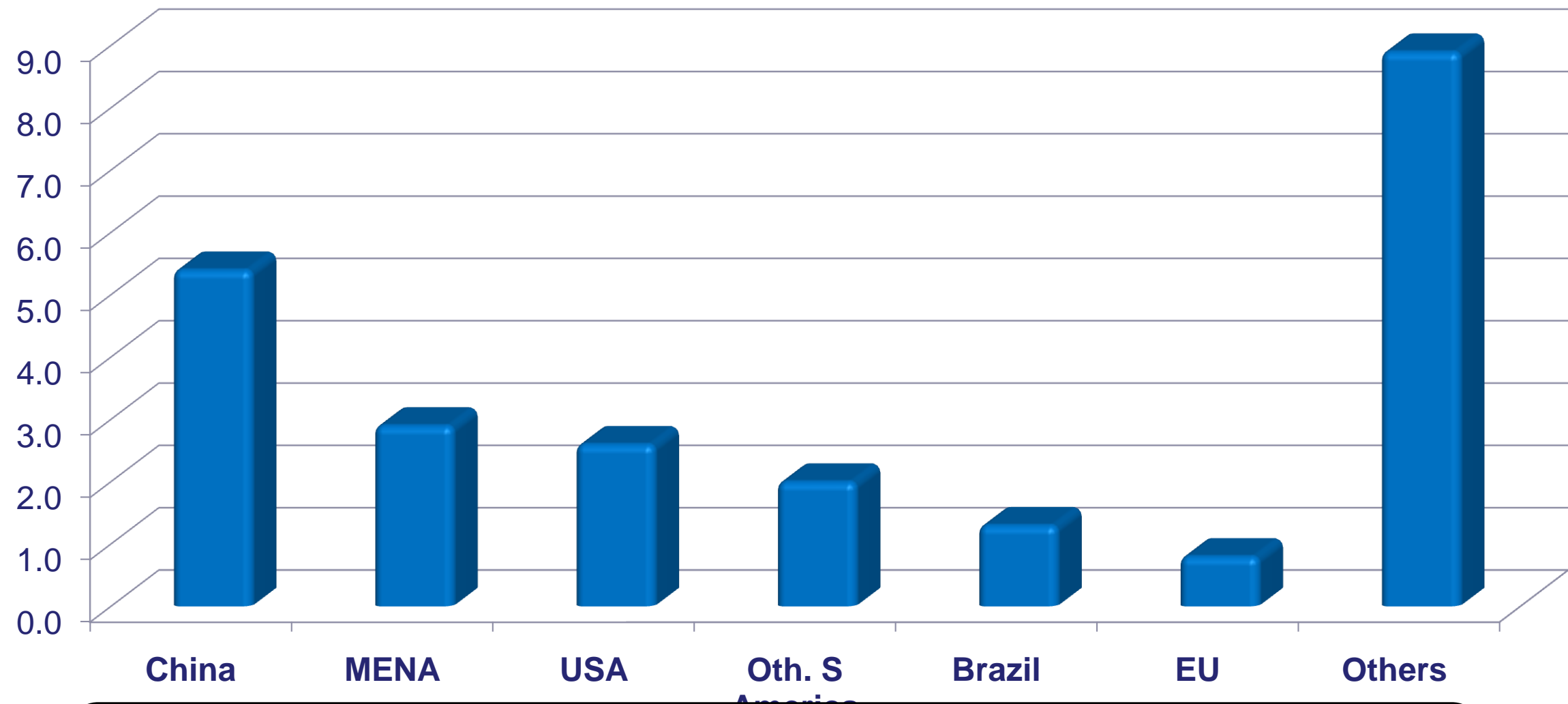


Source: GIRA Long Term Meat Study

55% of growth from US & Canada

Poultry consumption to rise by a quarter

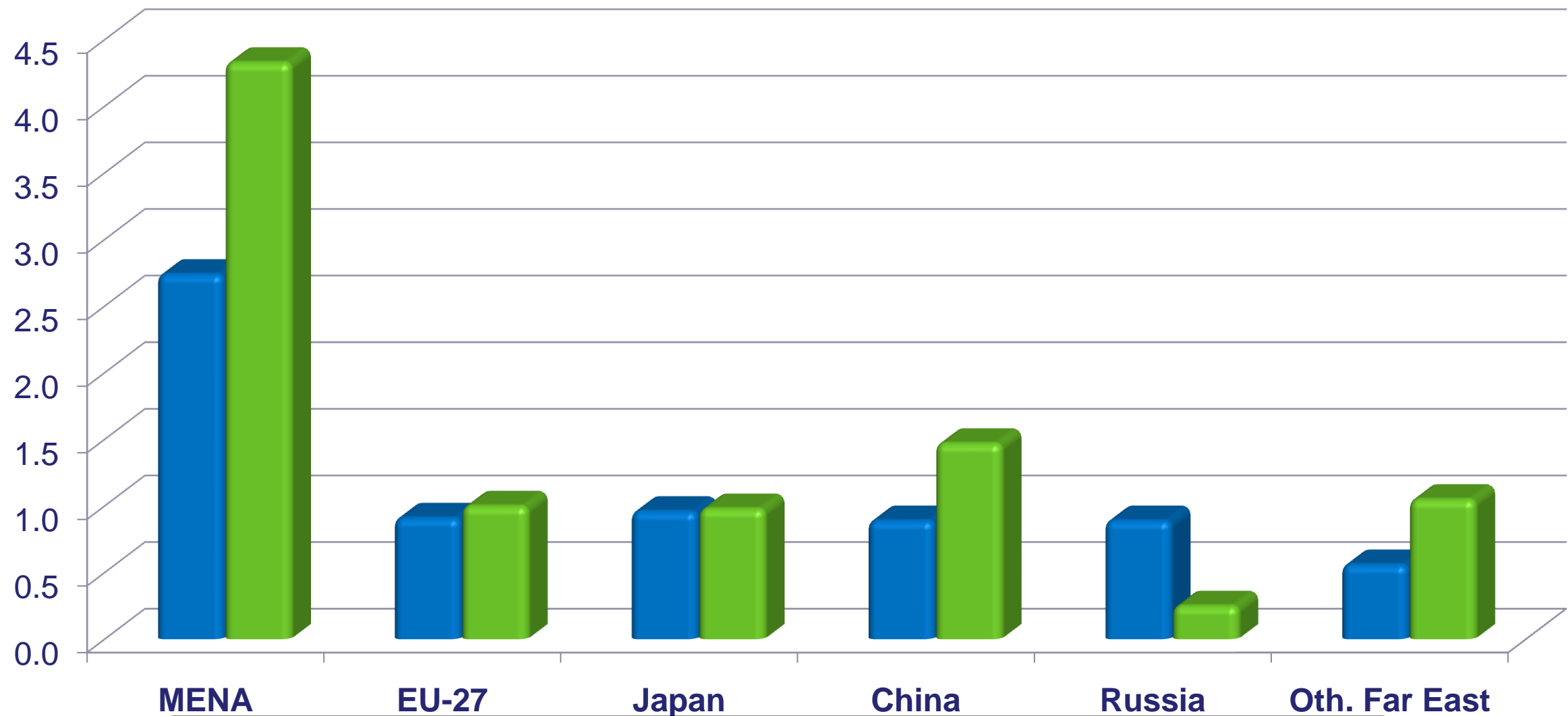
Growth in poultry consumption by region, 2020 Vs. 2010
(Million Tonnes)



Consumption growth expected in all regions,
strongest in China & Middle East

Growth in global poultry trade to continue

Poultry imports by key country, 2020 Vs. 2010
(Million Tonnes)

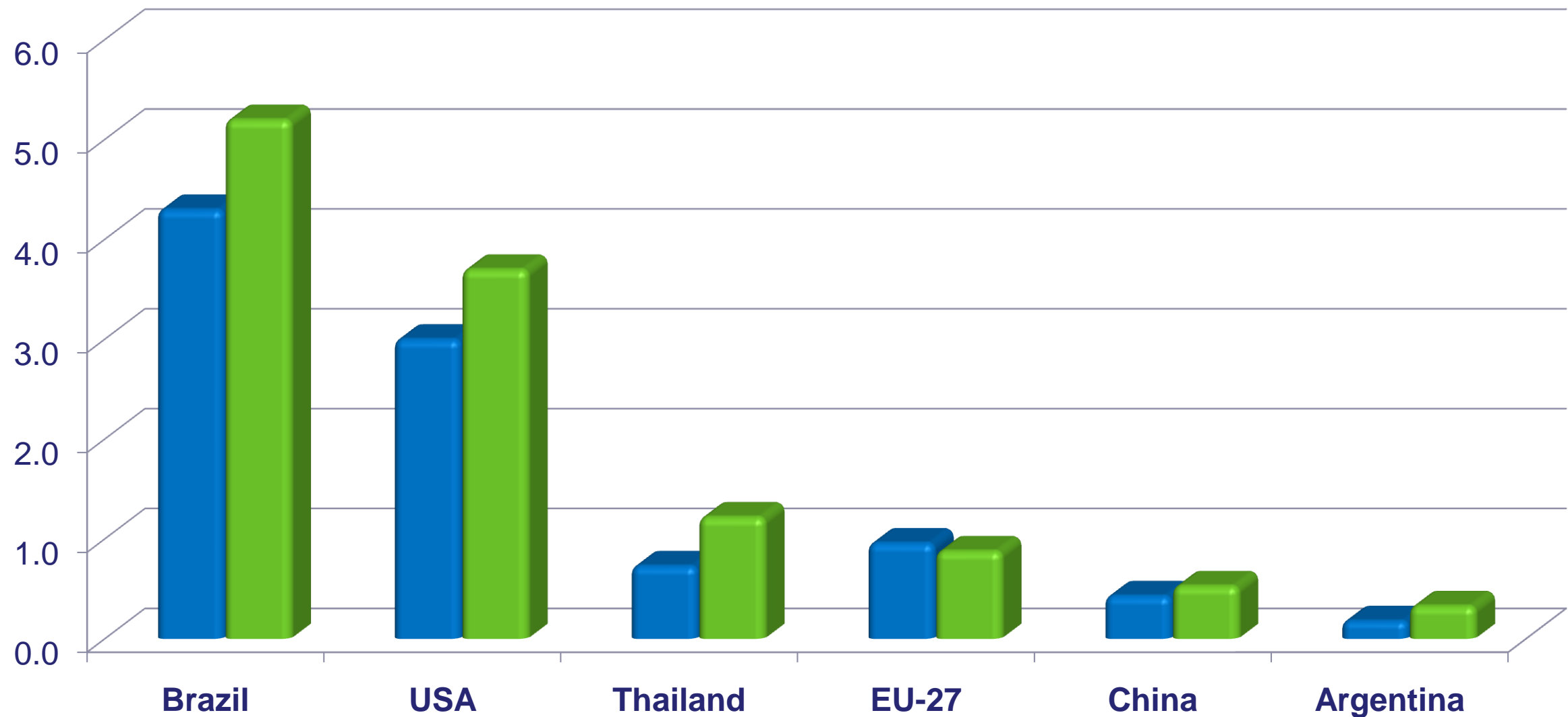


Sou

Global import requirement to grow by 26%
or 2.6m tonnes

Brazil & US to drive poultry export growth

Poultry exports by key supplier, 2020 Vs. 2010
(Million Tonnes)



Source

Brazil and US account for 70% of trade

Global sheepmeat market

✓ Consumption to grow by 6%

- China & Middle East

✓ Production to rise by over 5%

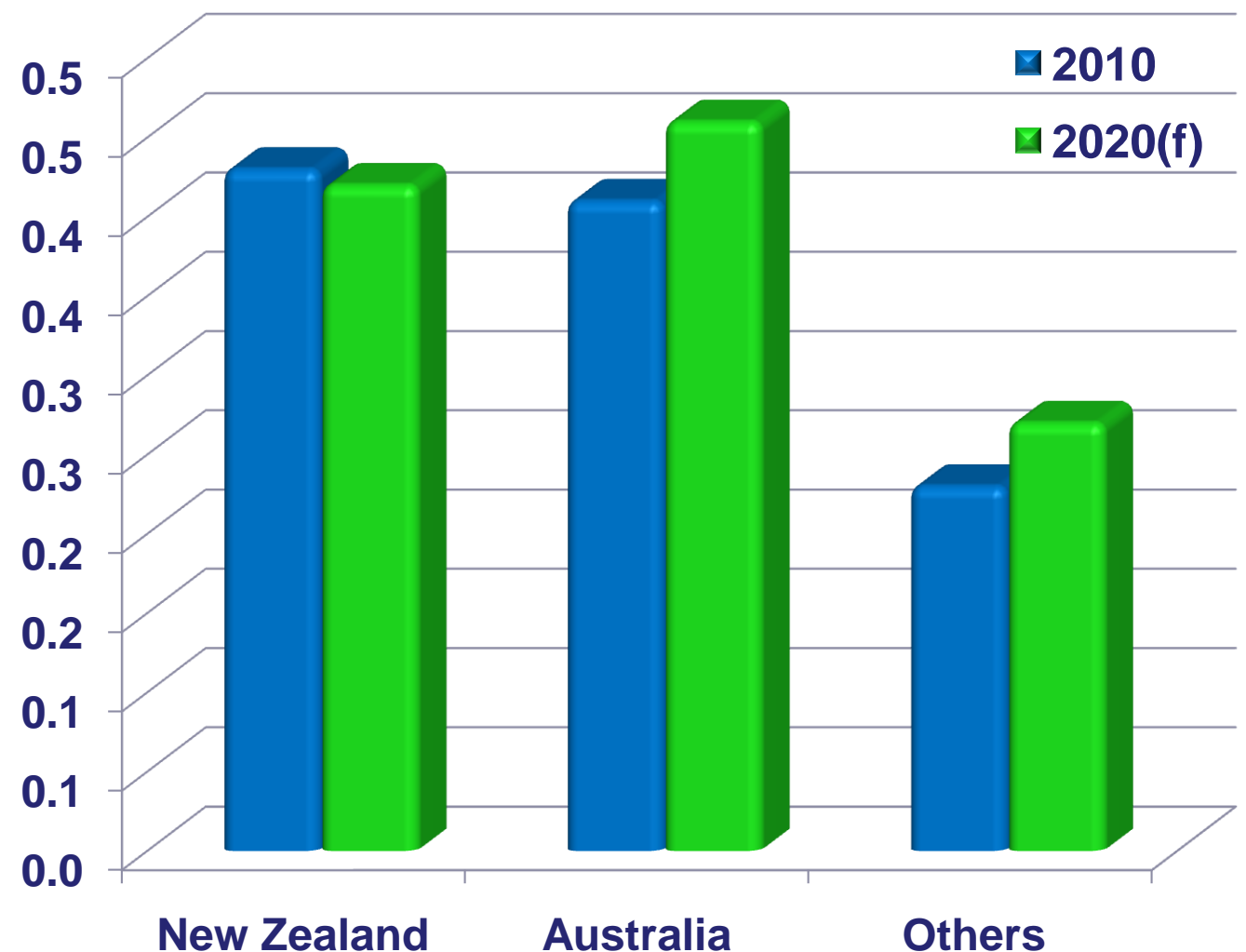
- Non-traditional producers

✓ Import growth in MENA & EU

✓ Exports

- NZ marginally lower
- Australia to grow by 12%

Sheepmeat exports by region, 2020 vs. 2010 (million tonnes)



Summary

- ✓ **Global meat consumption to rise by 40m tonnes**
 - Led by poultry & pigmeat
 - 1/3 of growth to take place in China
- ✓ **Higher meat prices anticipated**
 - Volatility in feed and output prices set to persist
- ✓ **Number of positive drivers**
- ✓ **However, a number of key challenges**

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