

Supply / Demand Outlook & Bord Bia Plans 2011

With special thanks to colleagues:

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January 2011

Growing the success of Irish food & horticulture

Bord Bia
Irish Food Board



Beef Supply & Demand

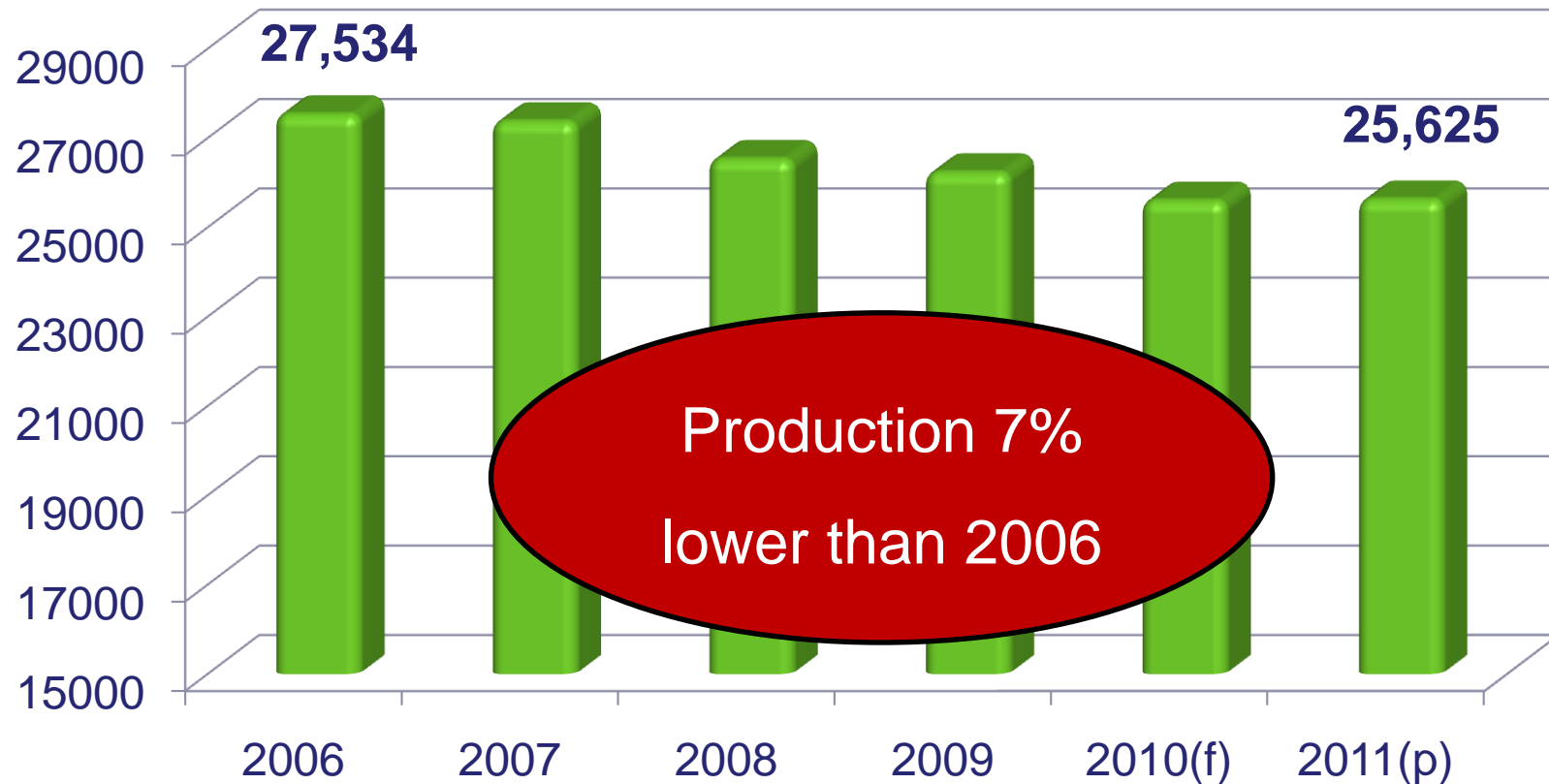
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Lower production among leading global players*

('000 tonnes)



*Combined production of US, Brazil, Australia, Argentina & Uruguay

Leading to lower export volumes

Beef exports, 2010 ('000t cwe)

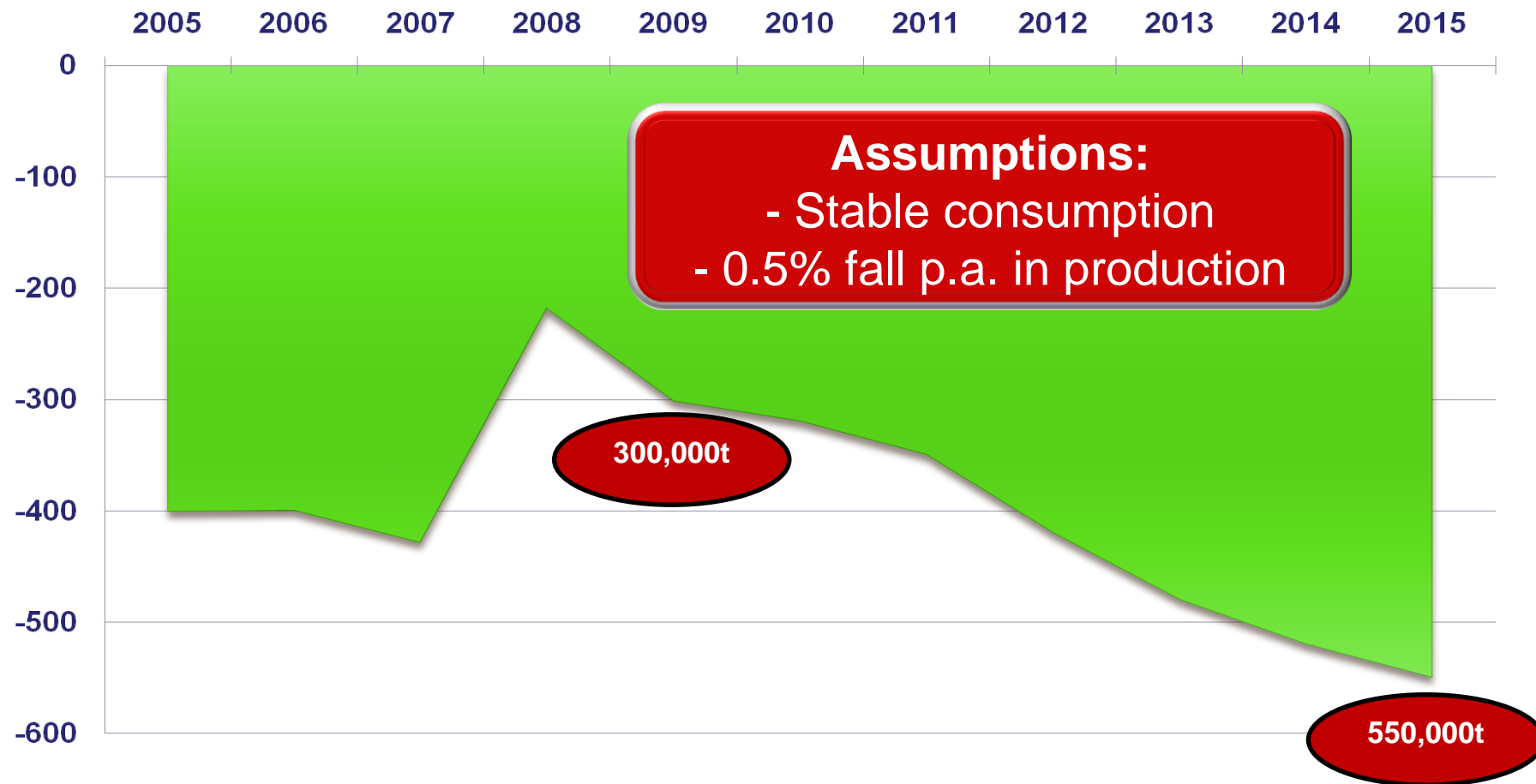
	2009	2010	2011 (f)
Brazil	1,853	1,975	2,050-2,200
Australia	1,369	1,300	1,340-1,370
Argentina	661	400	350-400
Uruguay	391	410	380-400
United States	848	935	920-960
Total of above	5,122	5,020	5,040-5,330

Source: National forecasts

Represent 2/3 of global exports
Shipments in 2010 2% lower and 9% below 2007 levels.

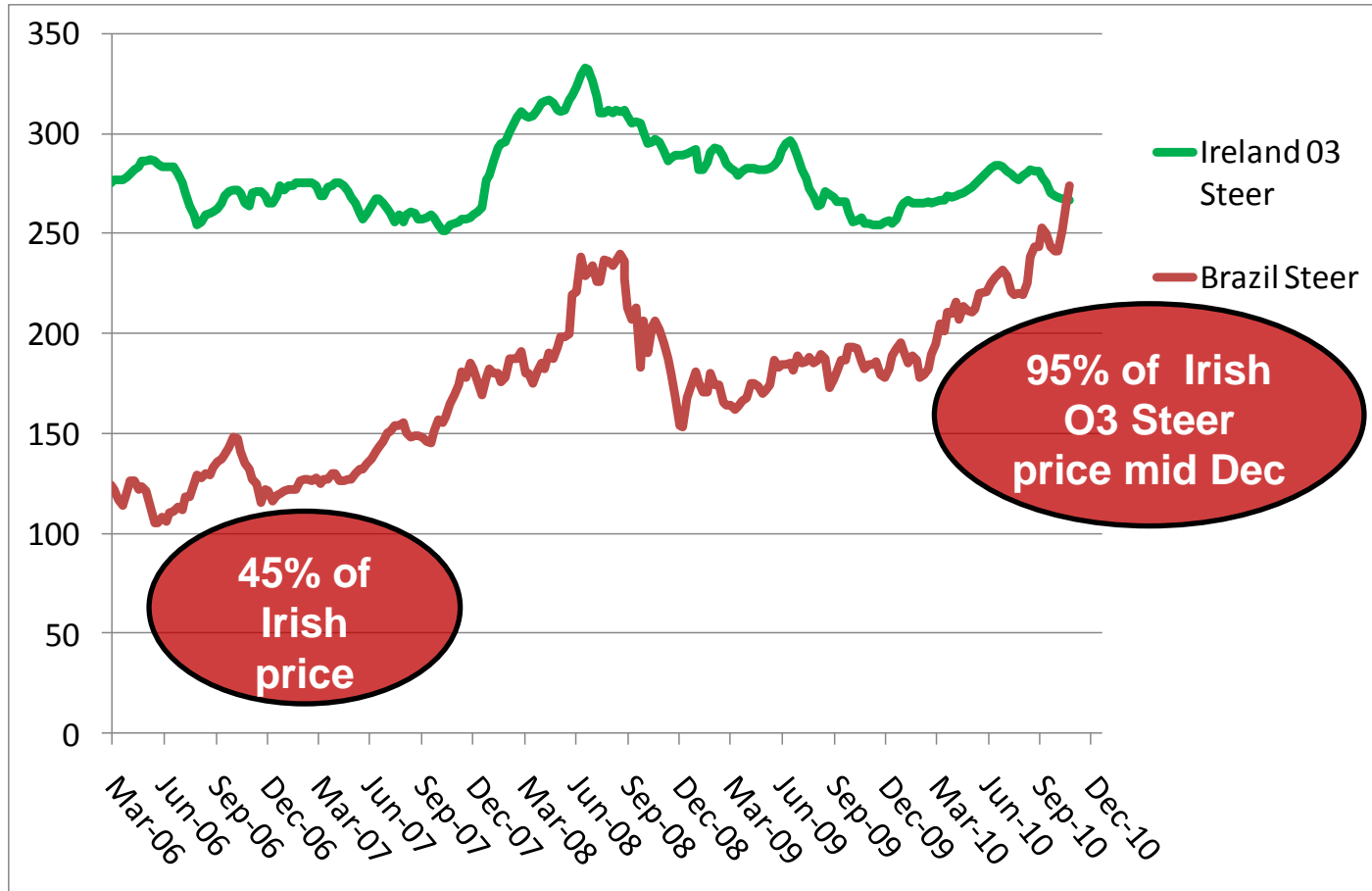
EU Supply/Demand developments

Scale of EU beef deficit ('000 tonnes)



World Beef Price trends vs Ireland

Cent/kg

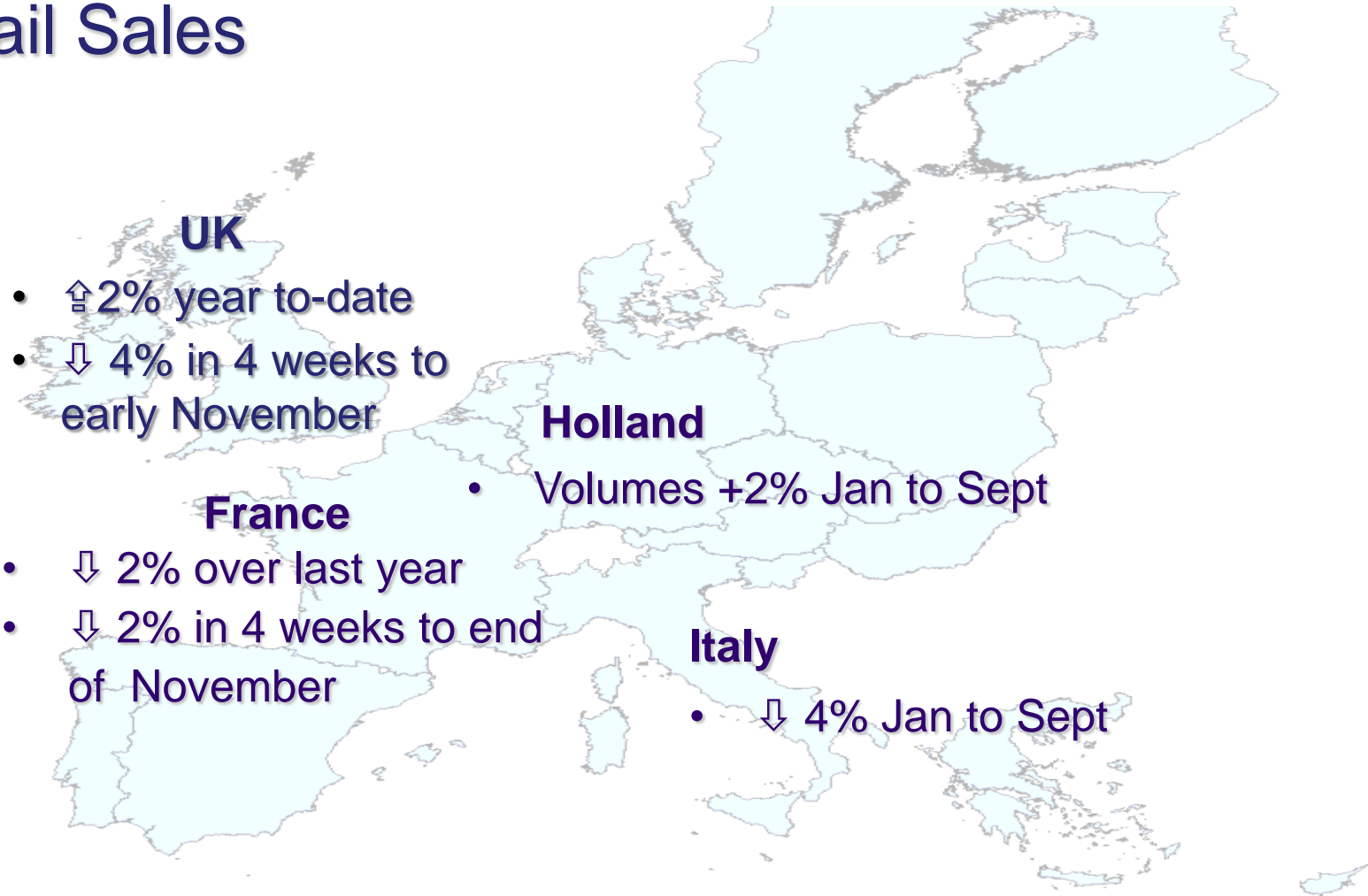


Stronger Beef Demand from Non-EU Markets

- Germany: Beef Exports outside EU to double this year to >35,000t.
In the past 5 months the German R3 young bull price rose 80c/kg to €3.81/kg, driven by the opening of trade with Turkey.
- France: Live Cattle Exports to N. Africa / Middle East have risen three-fold for the period Jan-Oct, totalling more than 61,000 head.
- Spain: Exports of live cattle from Spain to Lebanon have totalled over 30,000 head for the year to-date. These animals are mainly 600kg+ Continental bulls (of French / Irish origin), which are being bought for approx €2.20/kg liveweight in Spain.
- Russia imported larger volumes of beef from Ireland and other EU countries than in recent years. The new Health Cert has been more favourable. Processors continue to apply to DAFF for export licenses even though the refund rate was halved in late September. The current value of frozen 'compensated fores' in Russia is in excess of €3.00 per kg.
- Morocco: More than 2,500 cattle have been exported from Ireland to Morocco since this market opened in August. These animals travel down through France and Spain, as there is no vessel yet approved for 'walk-on, walk off' transport from Ireland.

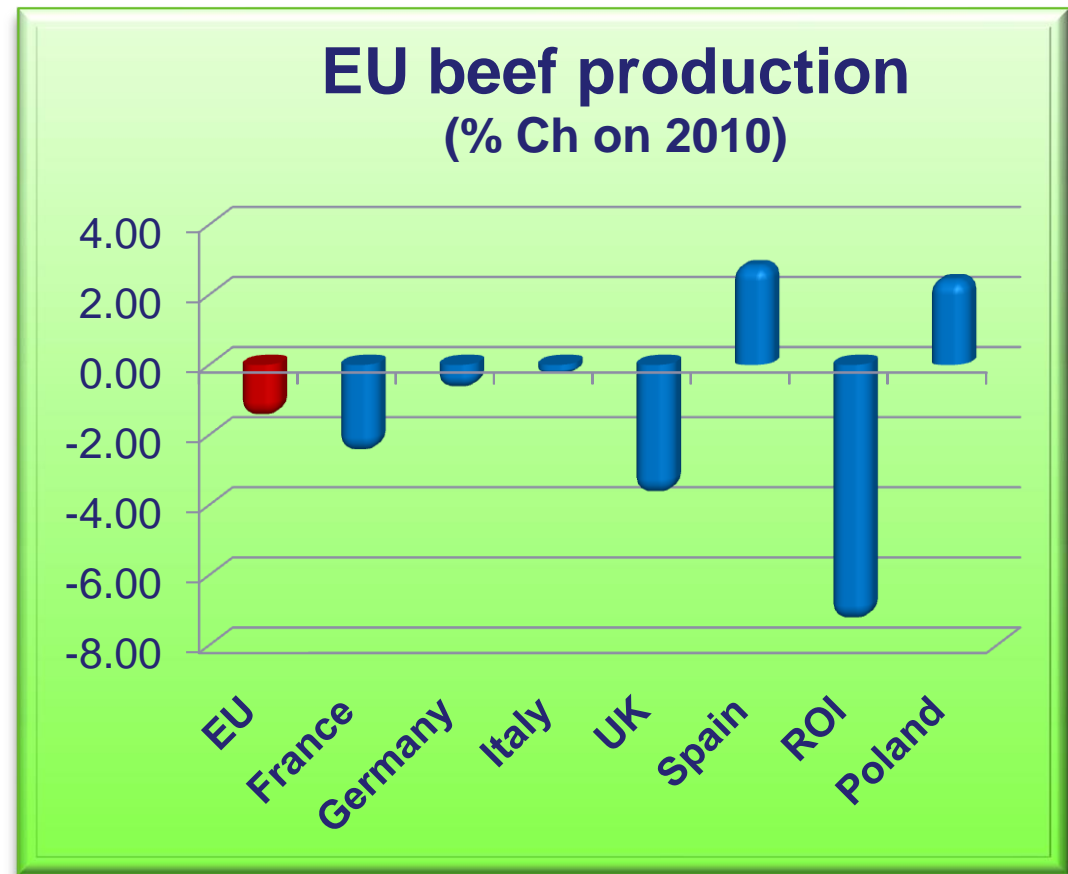
European Markets

- Retail Sales



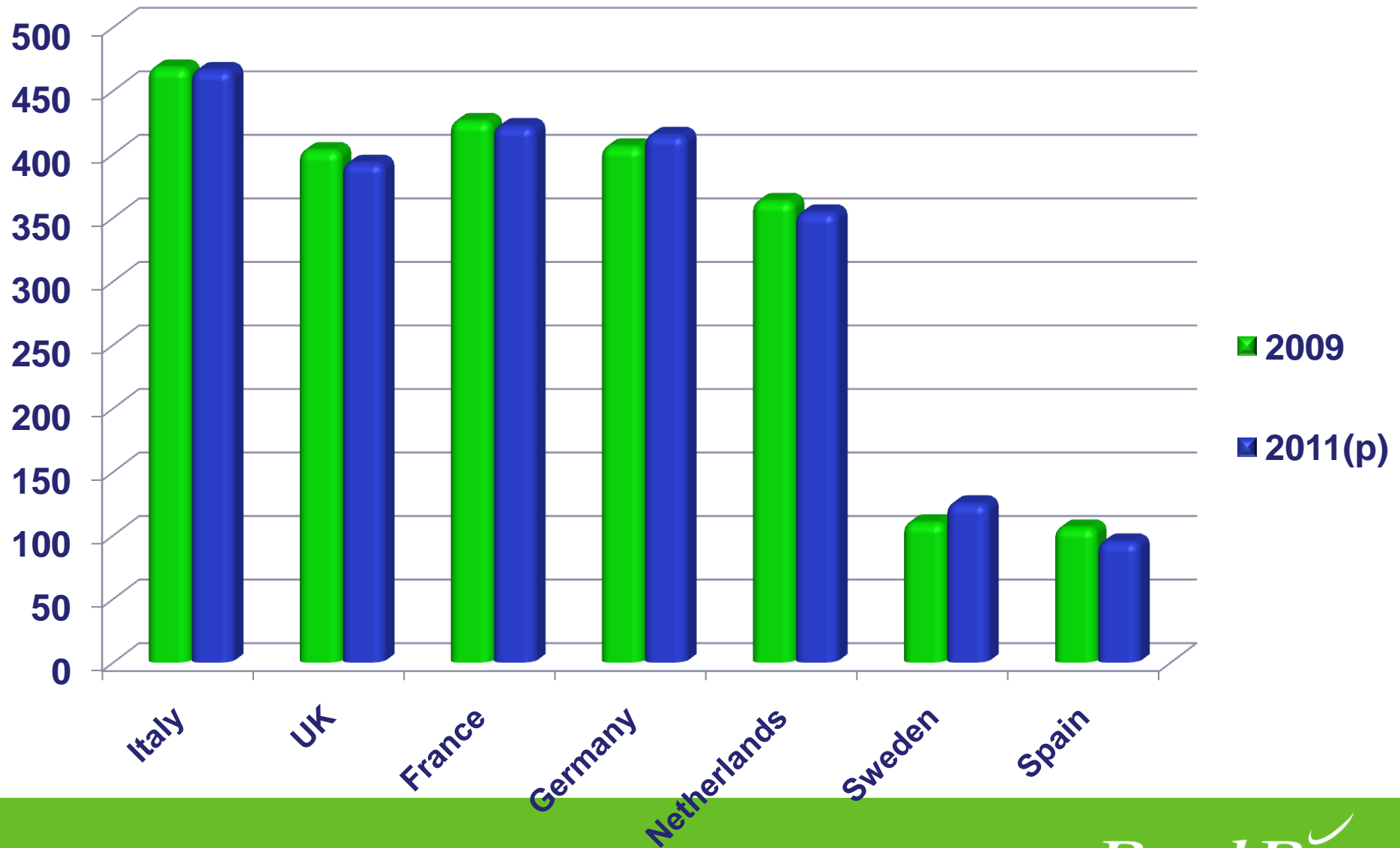
EU Beef Production set to decline in 2011

- ✓ Beef supplies predicted to fall by 1.5% next year
- ✓ France, Germany & UK all forecasting declines
- ✓ Higher live imports from France to increase Spanish production
- ✓ Tighter supplies in UK, especially in the second half of the year



Source: EU Commission

Future trends in Import requirements ('000 tonnes)



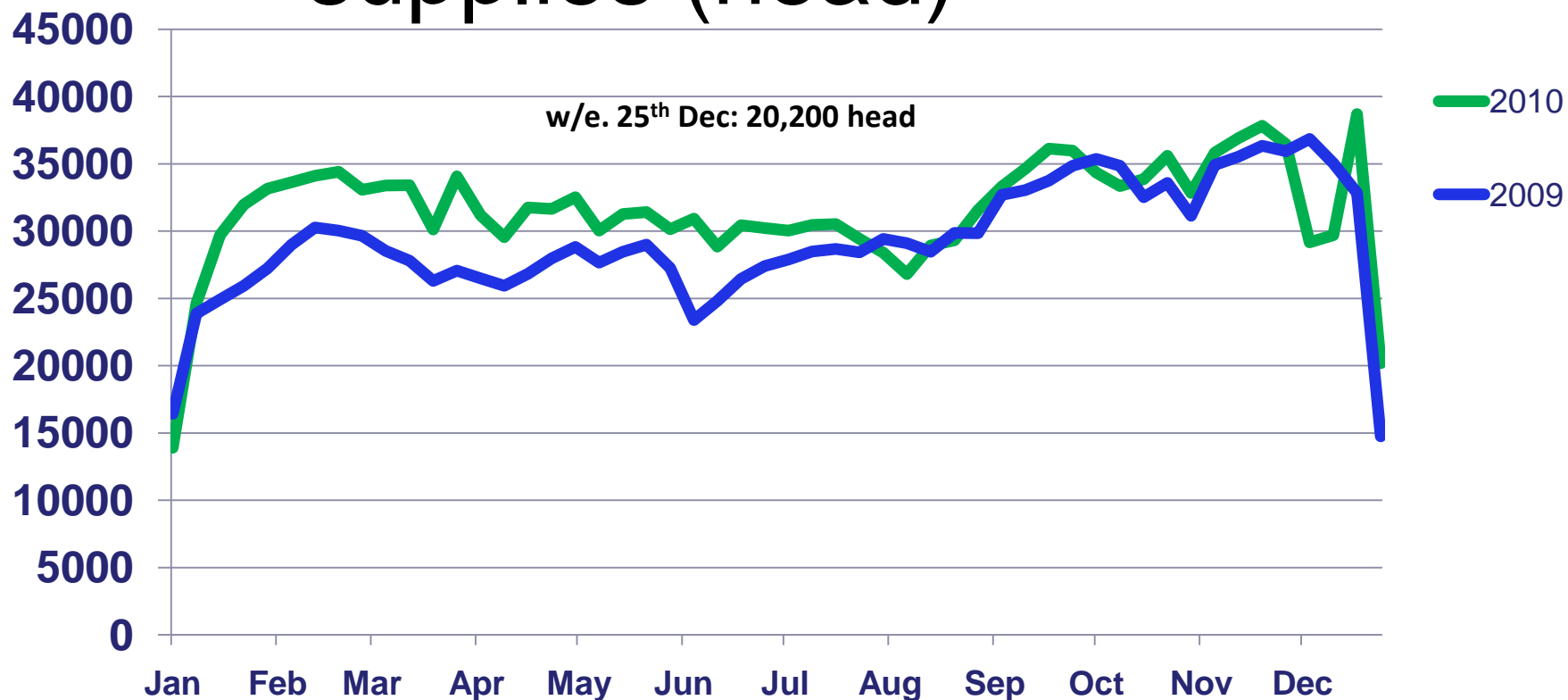
Finished Cattle Supplies to 25/12/2010 ('000 head)

	2009	2010	% Change
- Steers	634,193	664,646	+4.8
- Y Bulls	120,499	147,951	+18.7
- Heifers	403,966	443,256	13.4
- Cows	329,319	337,505	5.4
- Other	33,915	46,723	37.9
Total Meat Plants	1,521,892	1,640,081	+7.8
Plus			
- Finished cattle exports	52,577	59,607	+13.4
Total Disposals	1,574,469	1,699,688	+8.0

Forecast for Finished Cattle Supplies for 2011

	2010	2011 head change
- Steers	664,646	Down 110 -130,000
- Y Bulls	147,951	Up 10 – 20,000
- Heifers	443,256	Down 25 – 35,000
- Cows	337,505	Stable
- Other	46,723	Stable
Total Meat Plants	1,640,081	Down 125 – 145,000

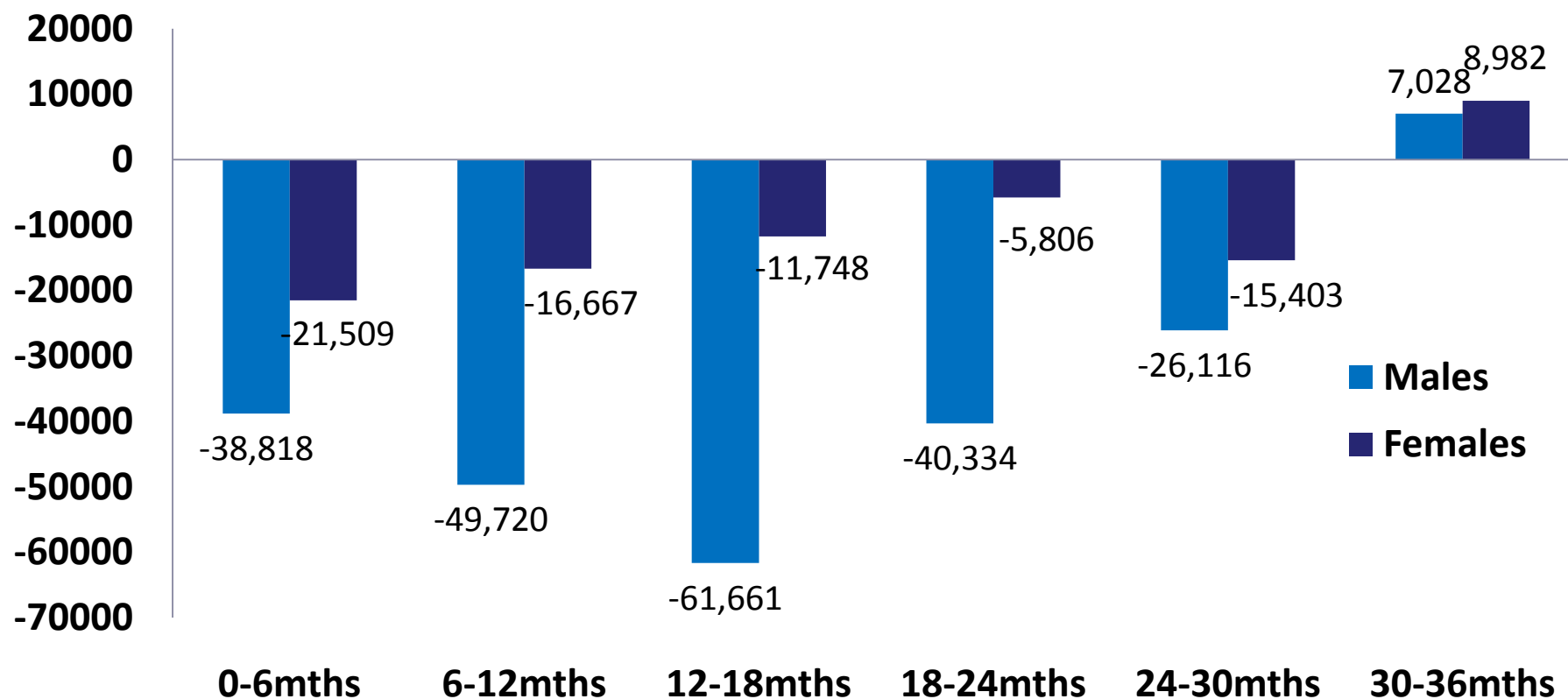
Weekly finished cattle supplies (head)



2010 supplies 8%, or 118,200 head higher

Trends in cattle numbers by age, Sept 1st 2010

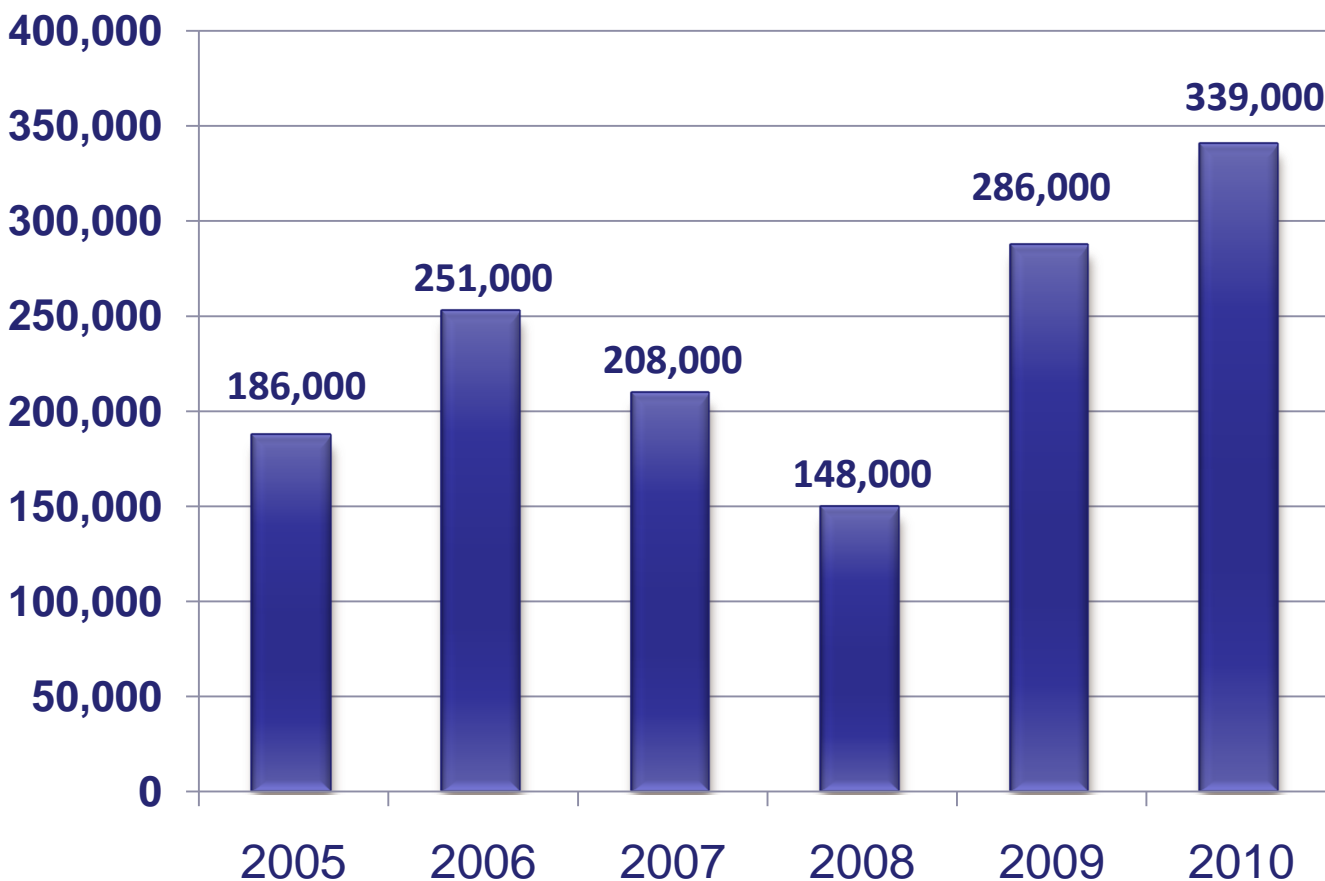
(Change in head on September 2009)



Source: Department of Agriculture, Fisheries and Food

Stronger Live Exports to impact on Availability

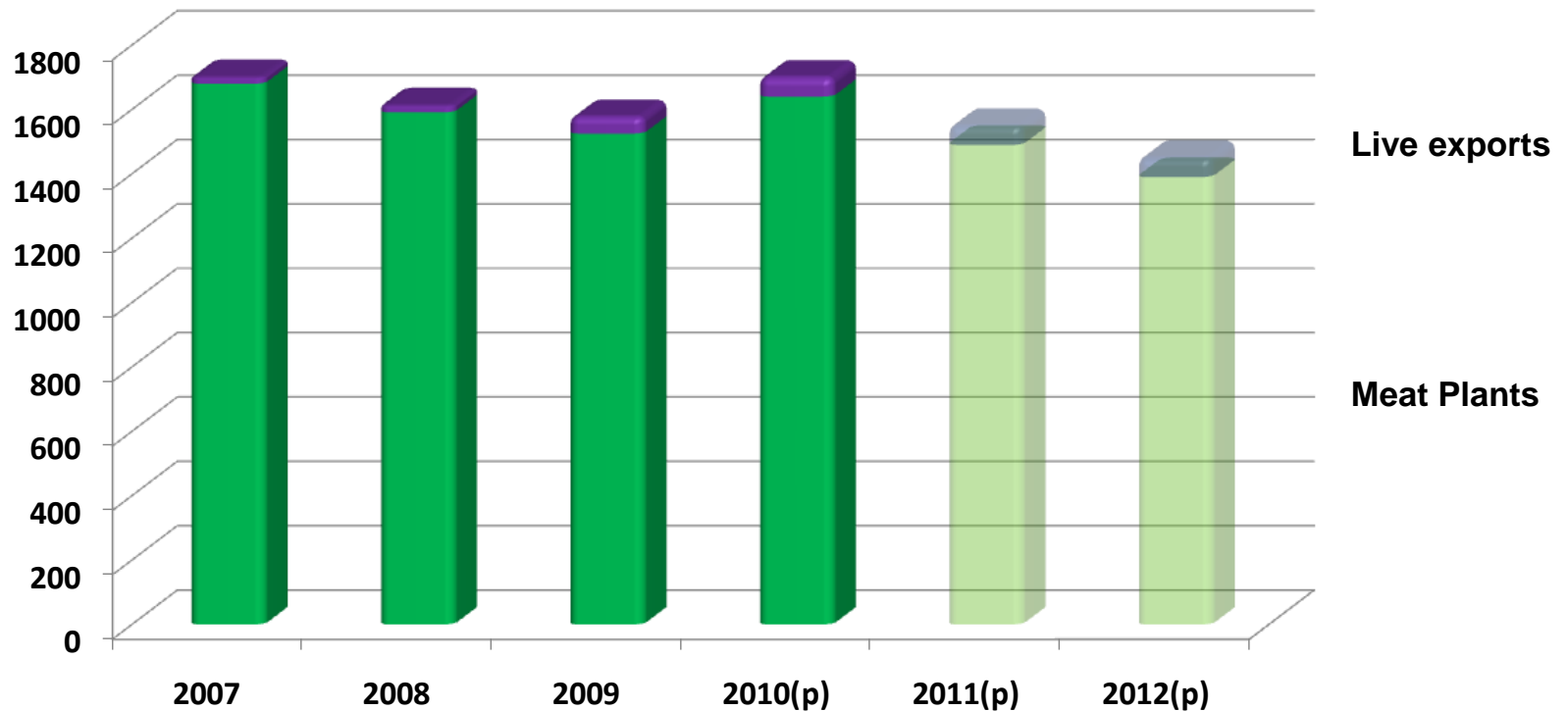
2010 live exports 19% higher than 2009 levels



Younger cattle driving growth in live exports



Potential Irish finished cattle availability (‘000 head)

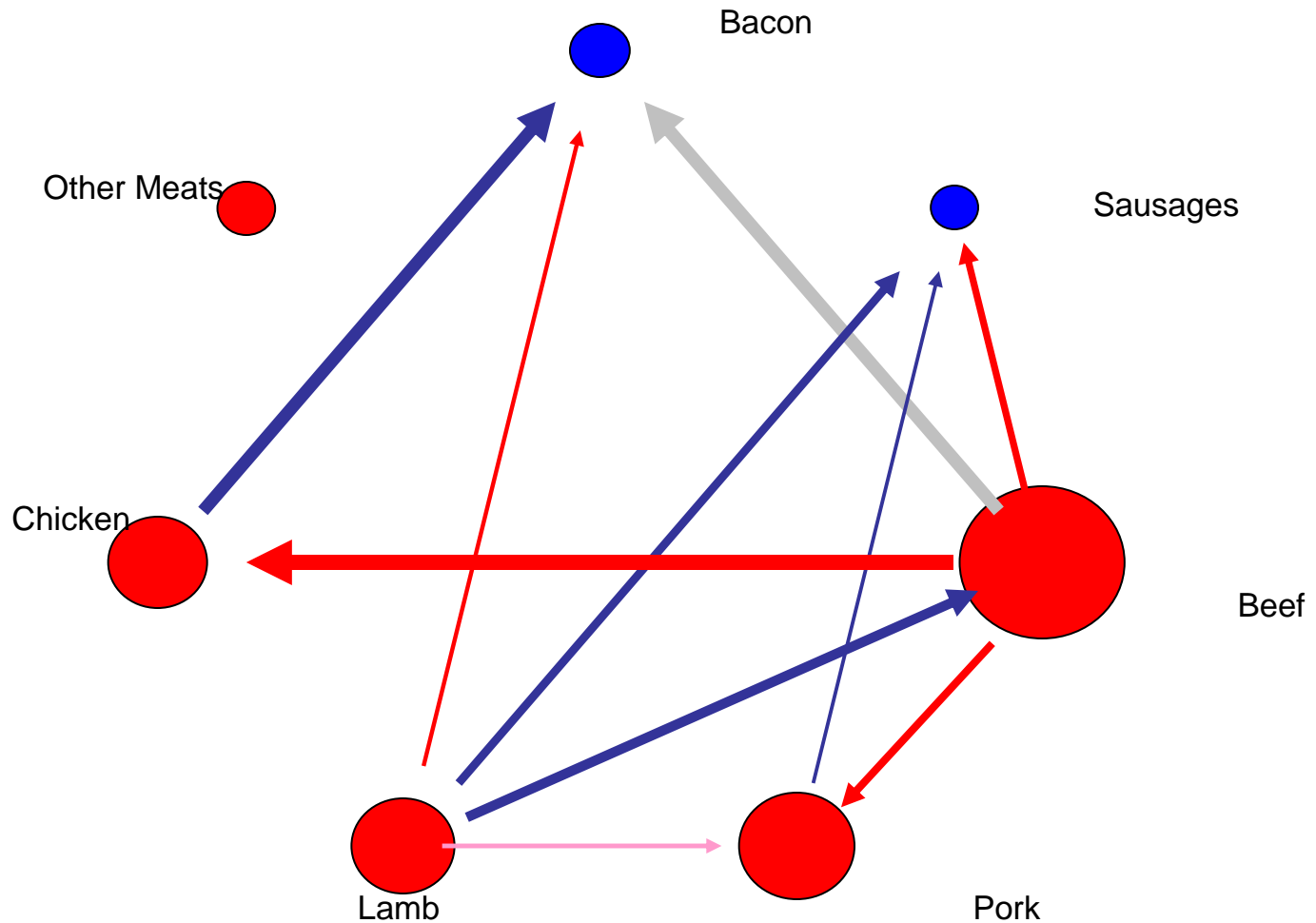


Other Emerging Issues

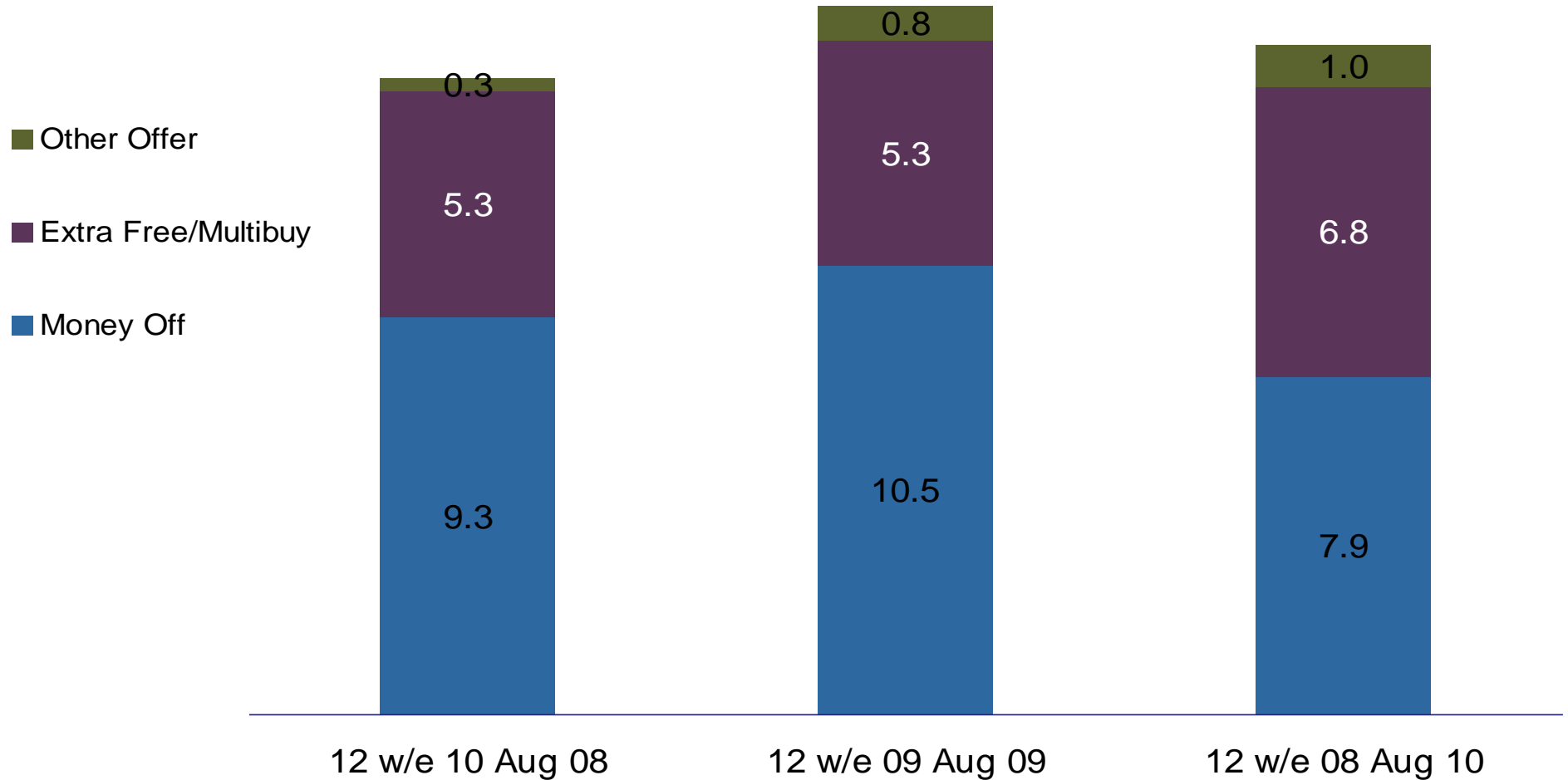
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Switching Flow Summary



% SOLD ON DEAL – PROMOTIONAL MECHANICS



Welfare Requirements

November 2010

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The Dutch Animal Welfare Movement

- ✓ 2 representatives in Parliament
- ✓ Extensive Media Coverage
- ✓ National Campaigns — Beter Leven (billboard), Wakker Dier (name and shame radio campaign)
- ✓ 5+ Welfare NGO's
(eyes on animals –monitoring transportation), Varkens en Nord (pigs), Wakker Dier, Dutch SPA,
- ✓ 14 environmental/welfare groups lobby government to introduce a Meat Tax in '10
- ✓ Recent govt announcement of Welfare Police Force
- ✓ Top of Mind issue for Dutch consumers

Magere
Beefburger Jalapeno

gewicht	prijs/kg	totale
0.290	9.48	2.83

04-11-2019

met
Greenfields

puur & eerlijk

scharrel
rundvlees

Beef
Lever

Magere
Beefburger Tomaat

gewicht	prijs/kg	totale
0.297	9.48	2.82

04-11-2019

0.297 9.48 2.84

03-11-2019

ch
Duitse Bierstuk
rundvlees

gewicht	prijs/kg	totale
0.297	9.48	2.81

RUND

ch
Duitse Bierstuk
rundvlees

gewicht	prijs/kg	totale
0.297	9.48	2.85

Beter Leven

✓ Now covers **Pork, Poultry, Veal, Beef**

in selected ranges in

Albert Heijn, Deen, Hoogvliet, soon in Jumbo (over 50% of Dutch Retail)

✓ Success in outlawing of pig castration

✓ Also poultry & veal housing changes

✓ **Will become an industry standard for the meat sector**

Beter Leven and Irish Beef

✓ Main Issues:

- Castration – anaesthetic & anti-inflammatory
- Housing – no slats

✓ Bord Bia, Teagasc, Irish suppliers negotiating

Ways Forward

- ✓ Bord Bia-Teagasc Animal Welfare Index Benchmarking NL/ D/ PL/ Fr ...
- ✓ Individual Supplier-Customer Approaches - Risk of Inflation of individual requirements, & Confusion
- ✓ Coordinated approach – Animal Welfare Index

Further Considerations

✓ Welfare developments in other Markets:

- Germany: Stunning, Welfare Units, polled cattle
- Sweden: Belgian Blue, Halal, polled cattle
- UK: Stunning, Halal

Welfare Lobby Groups



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Welfare Lobby Groups



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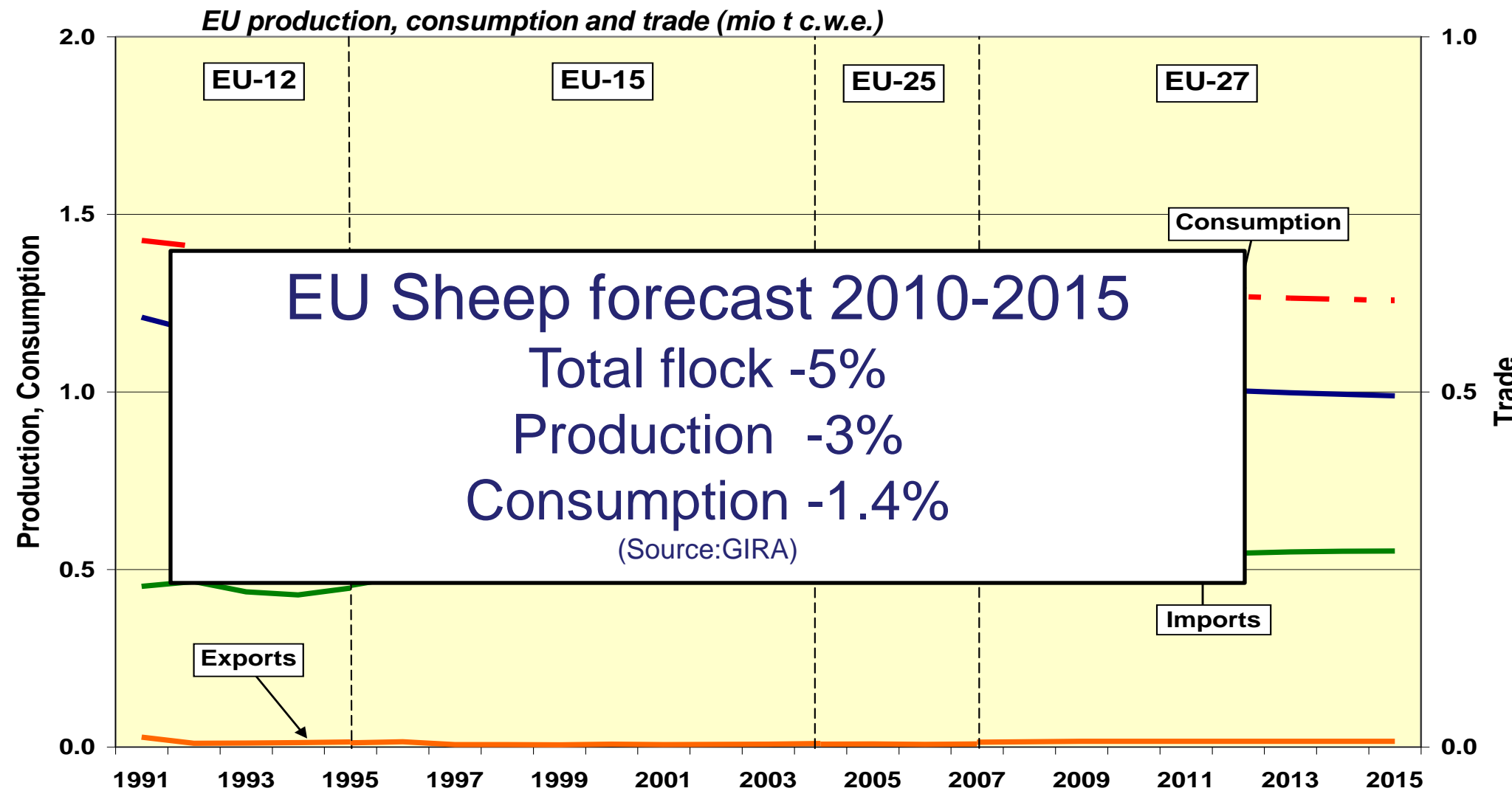
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Lamb sector overview & 2011 plans

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EU Sheep Production: continued decline in production



UK & France

	France 2010	2011/2010	UK 2010 (e)	2011/2010
Slaughtering	101	-1,0%	284	-1,0%
Imports	120	4,2%	122	-2%
Exports	7.8	-3,8%	95	+2%
Consumption	213.2	2,0%	298	-2%

New Zealand Supplies

- Decline Bottoming out – total flock 32.4m - 2010-20 projections -1% (Gira)



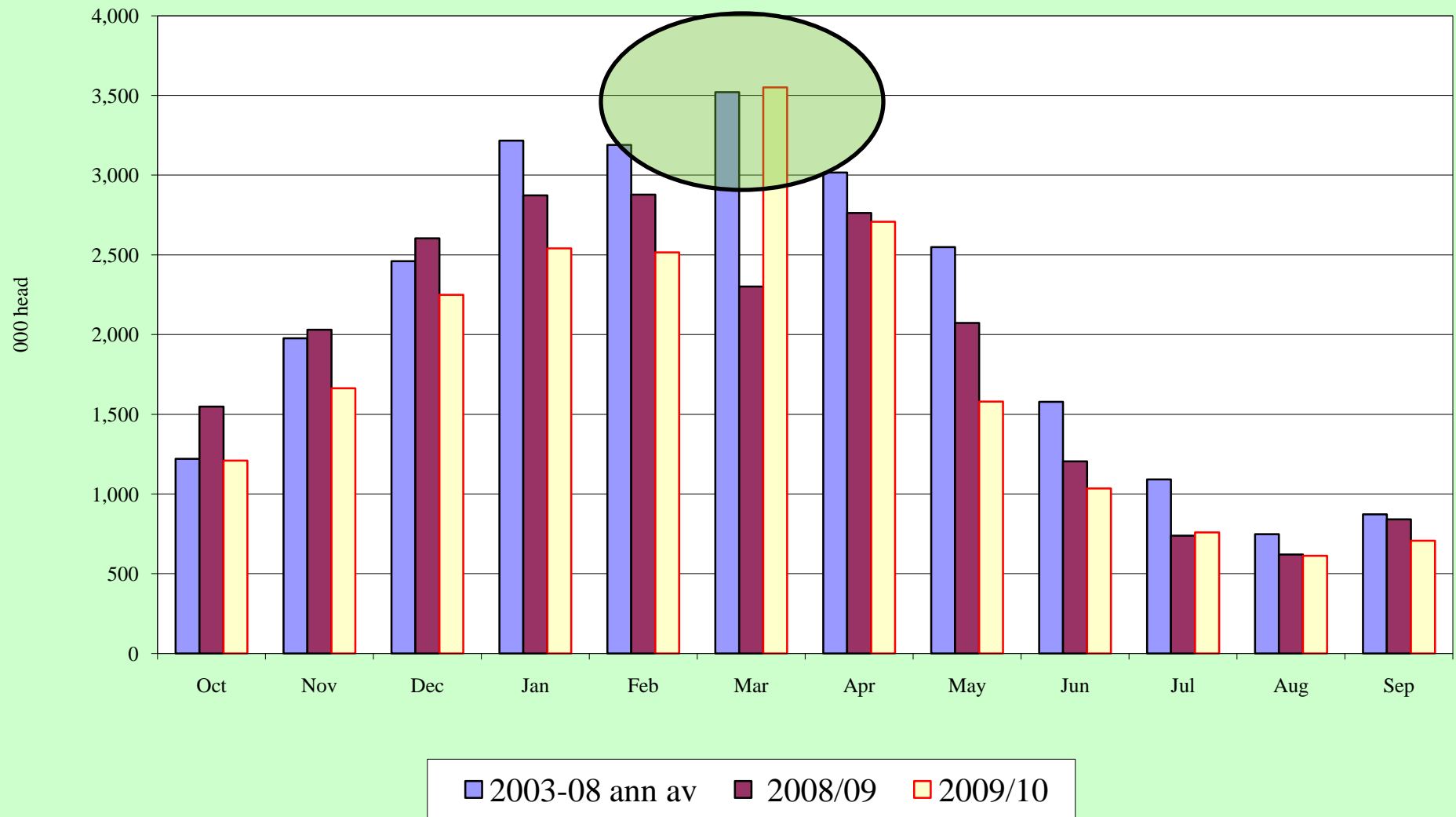
New Zealand Supplies

- Weather

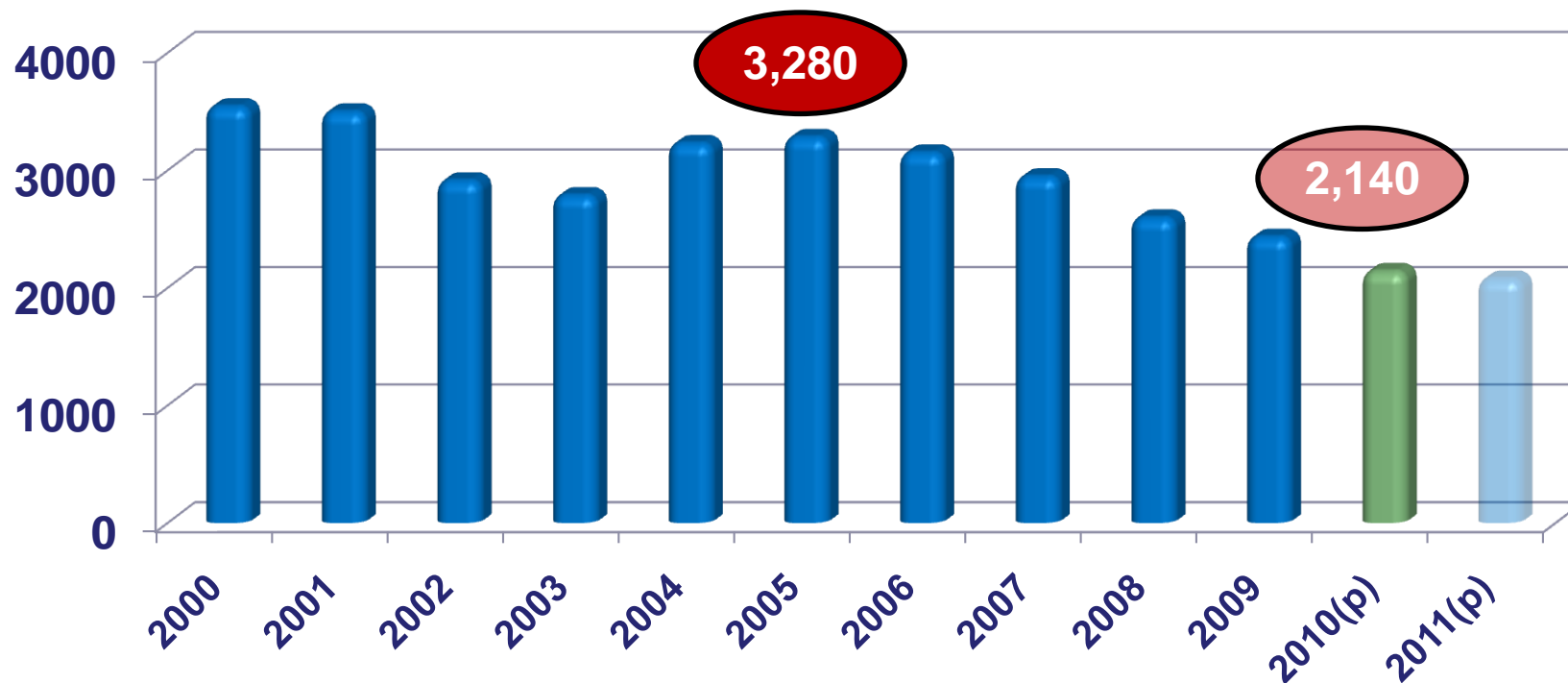


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Figure 4.1: New Zealand Monthly Export Lamb Slaughter



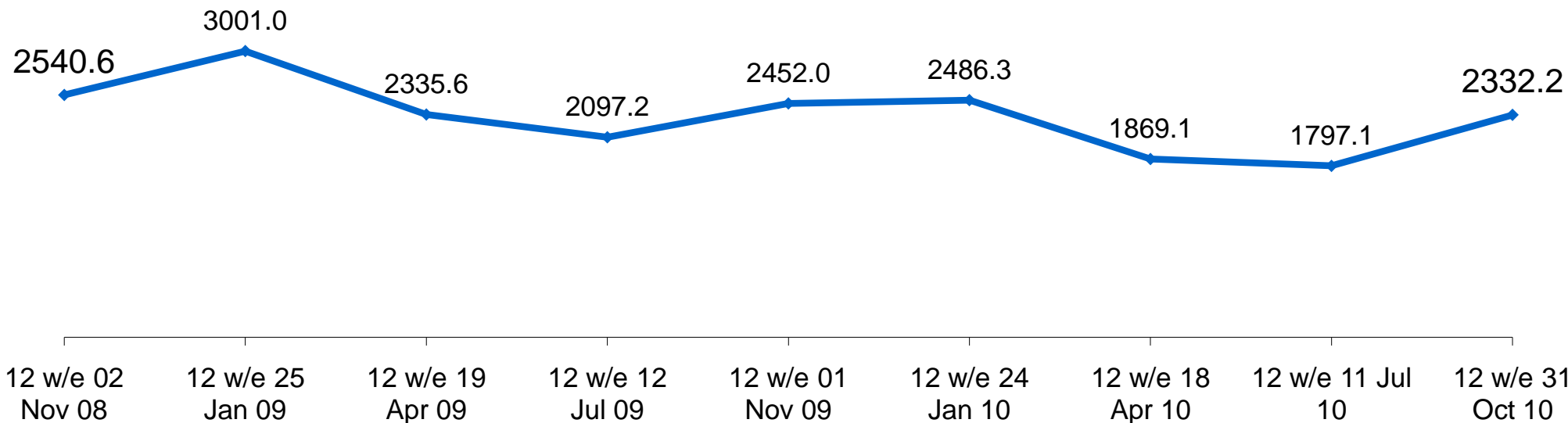
Irish Export Meat Plant Sheep Supplies (‘000)



	2009	2010 (f)	2011 (f)
Slaughterings (‘000hd)	2,431	2,139	2,075
Production	55.0	48.4	46.9
Consumption	18	16.2	16
Exports	40.5	36	35

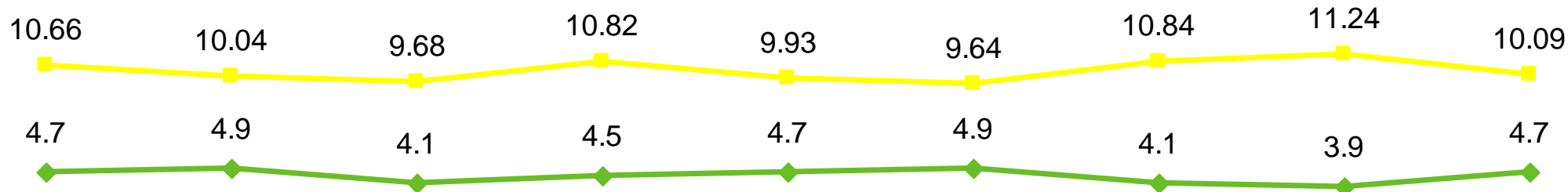
Irish Consumption - Retail

Volume (000s)



◆ Frequency

■ Price of volume unit (€)

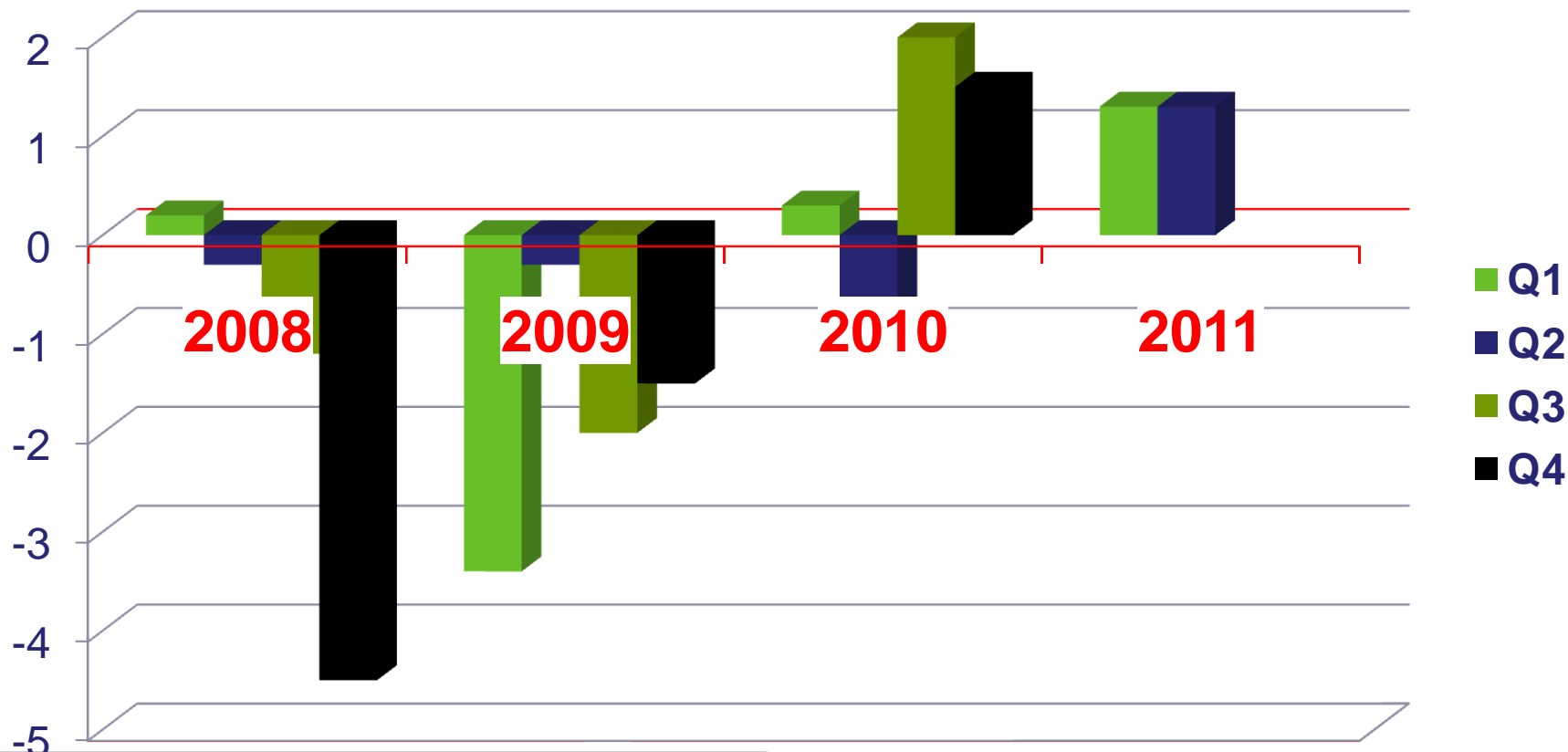


PORK & BACON

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EU production forecasts (GIP % change in head)



2010 : + 0.7%
Jan – June 2011 : + 1.3%

Overall decline in 2011

Pigmeat markets 2011

- Global production increase 2%
- China, US, Brazil and Russia increase 2 - 3%
- Canada and EU decline 1%
- EU market demand to tighten

International trade to increase – dependent on currency fluctuations

- Higher demand in Asia
- Russia stable

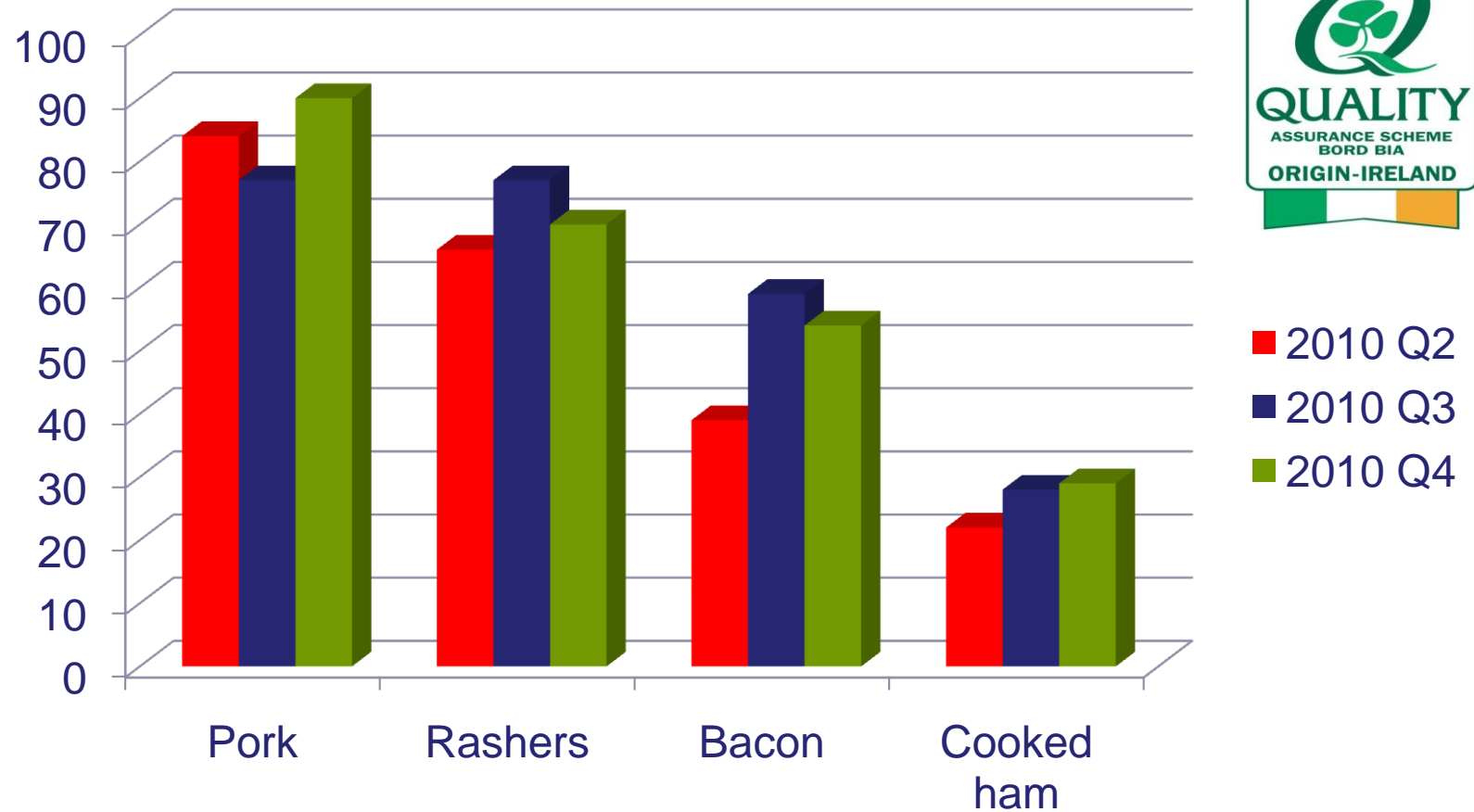
Feed crisis

- *Feed* +18% rising to + 25 / 30%
- *Margin over feed* - 22% at 37 c/kg

Source: Teagasc Pig Feed Cost & Price Monitor

- Credit
- Compound feed vs ingredient
- Home millers (30% of pig feed used)
- Effect on production

Quality Mark Retail Audits



Poultry

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Market conditions

- Global (US /Brazil) broiler prices still subdued but signs of some small increase
- Increase in broiler production in key EU-15 countries Jan-June 2010
 - +5%
 - UK and Germany +7%
 - Impact of higher feed on production 2011
- EU broiler breast meat imports lower
 - -16% for Jan – June June (-32 per cent).
- EU whole bird broiler and fillet price increased in spring / summer
 - Increased demand, lower availability of imports and seasonal effects

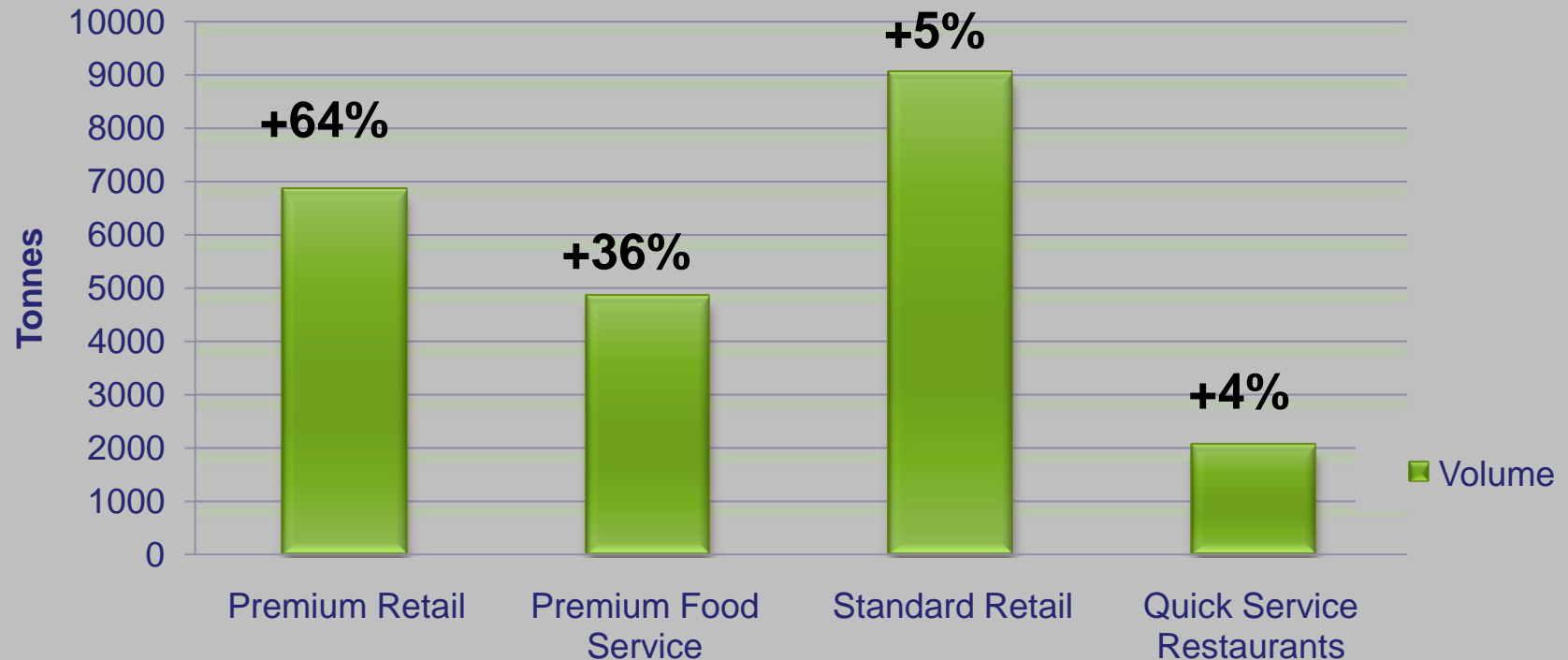
Beef Plans

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Beef Strategy Progress

Growth in sales of Irish Beef to Better EU Outlets, 2007-2010



Key Developments

- ✓ **20 new brands developed by Irish Processors in last few years**
- ✓ **Over 70 Retailers in Europe buying Irish beef, up from 27 in 2001**
- ✓ **Over 40 Michelin/Star Chefs across Europe endorsing Irish Beef**
- ✓ **Over 60 Irish Beef Customers in 2010 promoting with Bord Bia**
- ✓ **Diversification and growing of Niche Markets**

Key Initiatives:

1. Premium Brands

- ✓ Argentinean exports back 52% this year
=> Sustained demand for high quality steaks in medium term
- ✓ Premium segment grew by 50% average in last 3 years
- ✓ Over 20 premium Irish brands
- ✓ Growth focussed on Continental Europe

Actions:

- ✓ Prioritise promotions where value return is highest
- ✓ Direct support in brand development and innovation

Key Initiatives:

2. Flagship Regions

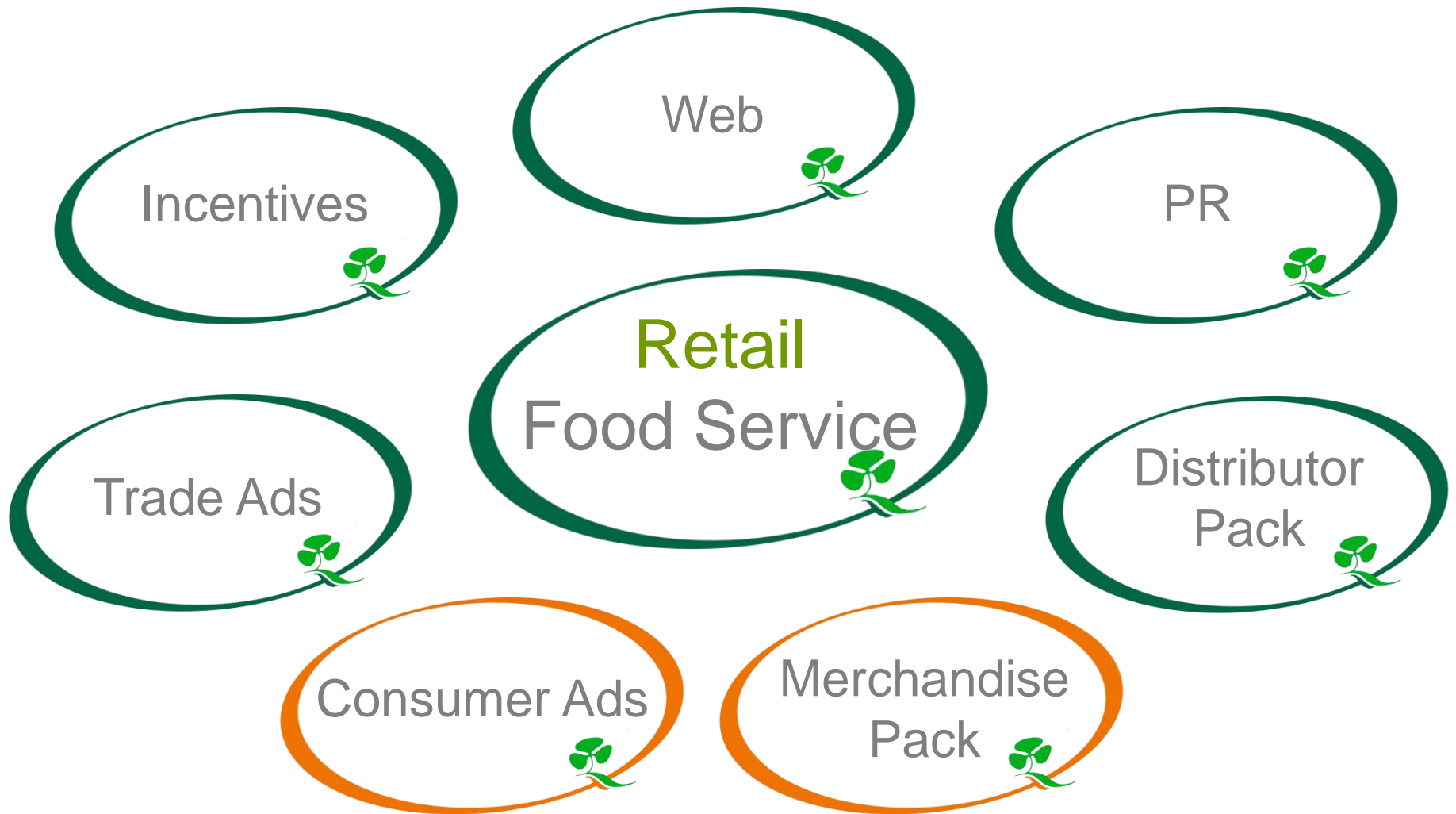
- ✓ Success of Chefs Irish Beef Club - Over 40 member chefs
- ✓ Target key regions for Chefs Beef type activity: Holland, London, Berlin, Brussels, and Milan
- ✓ Work with importers and suppliers to list and promote premium Irish Beef:
 - Restaurant/Supplier/Consumer promotions
 - Press Receptions, Visits, Coverage
 - Customer open days/Events
 - Recipe books
 - TV, Radio and Press Coverage

Key Initiatives:

3. Germany: Showing Potential

- ✓ Over 15 new Customers for Irish beef in Germany since 2007
- ✓ Argentinean premium steaks import gap (21,000t in 2009)
- ✓ German Young Bull prices up 50 cent on August
- ✓ Ireland strong Image: “The Green Island”
- ✓ Kerrygold

Germany – Building Irish Advantage



Retail Point of Sale





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Retail – Trade
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Restaurants



German Market QA Specification

	Ideal Specification	Compromise Specification
QA	yes	
Gender	Steers and heifers only	
Age	Under 30 months	Under 36 months
Weight Foodservice Weight Retail	260 – 360 Kg Carcass 4.5 – 6.5 Striploin 280 – 400 Kg Carcass 5 – 7 Striploin or <u>Any weight range within 2 Kg</u>	Customer /supplier spec. e.g. 7 / 8 Kg with some customers
Maturation	Retail: Minimum 14 days (steak cuts) at sale Foodservice : 21 days at sale	
Feed	Grass fed min 6 months (auditable?) Min %age grass in diet? !WEIDEOCHSEN/RIND!	

Key Initiatives:

4. Sustainability Branding

- ✓ 30,000 QA Farmer members
- ✓ World First Environmental QA Scheme
- ✓ Present proposition to all customers

Proposition:

- ✓ All QA Farms environmentally audited
- ✓ Tracked for environmental performance
- ✓ Carbon Reduction advice to farmers
- ✓ Establish “true” carbon footprint
- ✓ Carbon Trust affiliated



Sustainability – Building Irish Advantage

Grass-fed Beef –
Natürliches Rindfleisch
vom Weideochsen

Bestes Grün, Bestes Fleisch, Beste Wahl.

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Jedes Stück ein Stück Natur

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1. Irsches Speck
2. Irsches Speck
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Unsere Bill of Beef –
Das Gesetz des guten Geschmacks

Im Namen aller Fleischliebhaber und zum Wohl aller Geniesser
erkennen wir hiermit feierlich, dass gutes Rindfleisch diesen
Namen nur verdient, wenn bei seiner Herstellung größte Sorgfalt
auf die Beachtung der nun folgenden Regeln gelegt wurde.

§ 1 Das gute Stück muss
sich ausweisen können.
Es muss ja nicht gleich ein Bild beigefügt
werden. Aber zu wissen, was es herkommt,
schafft ein gutes Gefühl. Nicht nur im Magen.

§ 2 Gras sollen sie fressen,
die Rinder.
Denn das gibt Aroma und weniger Kalorien,
mehr Omega-3-Fettsäuren und vor allem
glücklichere Tiere.

§ 3 Gesunde Ochsen
brauchen keinen Bullshit.
Auf ihrem Speisepfen hat nichts zu suchen,
was gentechnisch verändert wurde oder
vom Ordeal Doktor verschrieben werden muss.

§ 4 Rindfleisch hängt gerne
ab, nur nicht im Transporter.
Damit es richtig zart wird, sollte Rindfleisch ein
wenig ruhen. Dafür muss es nicht auf
weite Reisen gehen.

Grass tronomy

the **flavour** shows
where the **best**
grass grows

brought to you
by the Irish Food Board

QUALITY
Irish Food Board

Key Initiatives:

5. Sustainable Suckler Beef

- ✓ Develop separate proposition for suckled beef
- ✓ Present to selected Continental Customers

Proposition:

- ✓ Single Suckled Beef Breeds only
- ✓ Tie in to Carbon Footprint
- ✓ Taste Proposition
- ✓ Welfare Benefit - Suckler Cow Welfare Scheme



Key Initiatives:

6. More Access to International Markets

- ✓ Offal to Asia
- ✓ Beef Cuts to Mid. East

7. Innovation New Products

- ✓ Harvesting Ingredients
- ✓ New Processes
- ✓ Co-opetition
- ✓ “Lifestyle Trends” research

Lamb sector overview & 2011 plans

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Agneau Presto

- Agneau Presto – extended for an additional 3 yrs
- Irish share - 13% or €145,000



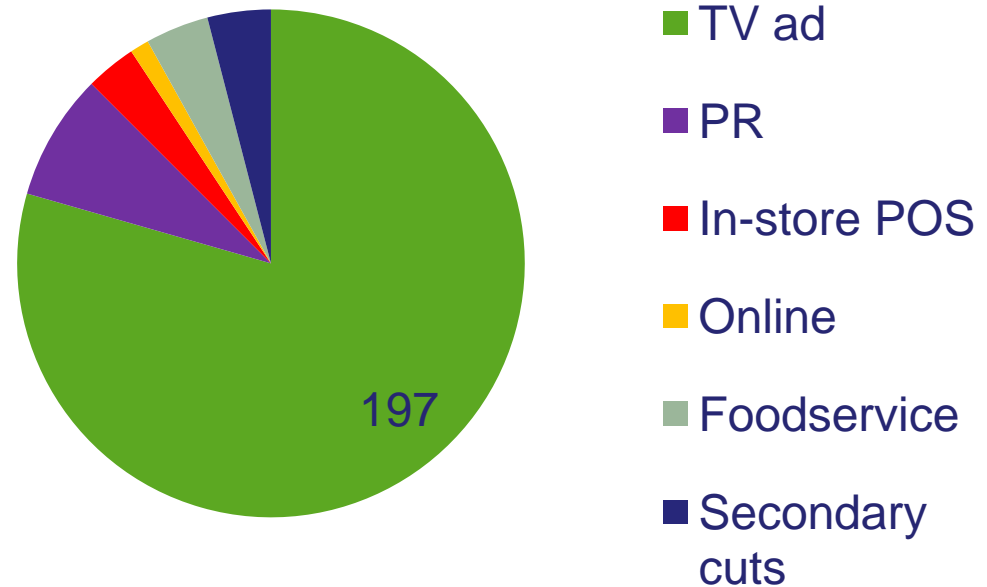
Generic Lamb Promotion

- 'Premium Lamb' - €100,000
- France & Belgium
- Support increased listings for value added Irish lamb
- Trade ads /In-store

Irish Market - 2011

- Target: medium –light consumers
(higher income 35-55 yr)
 - TASTE key message
 - Promotional focus on joints & chops
 - To maximise consumer recall
- activity spread across main lamb season

Proposed advertising & promotional budget spend 2011 €248,000



German market

- Domestic production 35,000 / 45% self sufficiency
- 1,800 tns – Irish exports / High value markets
- Over half exports direct to premium retail/ cash & carry
- NZ exports Jan to Oct 2010, -27% (18,000 tns)

Germany

2011 Volume est. 2,500 t. / Budget €50,000

1. Direct support premium Retail & Foodservice	€30,000
2. Build Consumer Awareness	€20,000

Hill Lamb

- Higher Value Market / N.
- Provenance, differentiated taste & seasonality
- PGIs



Other

- Link to beef initiatives:
London area – premium Retail & Foodservice – image development

PORK & BACON

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New pigmeat logo

Current logo



New logo



2011 Plans - Home Market

Objective: To increase usage of QAS at retail

- Tie in with Generic QAS promotions
- First QAS sausage promotion
- Promotion of QAS cooked ham / rashers
- Foodservice focus on secondary cuts with workplace caterers and educating trainee chefs
 - 3 pigmeat education days with catering colleges
 - pork training event with workplace events

2011 Plans – Export markets

Britain

- Assist Irish suppliers by identifying new opportunities and developing trade
 - Retail / foodservice programmes, Fellowship

Europe - Continental pigmeat manufacturers directory

International Markets

- Inward buyer visits from Russia & China
- Target manufacturers and processors through trade fairs and meetings

New Markets

- Ukraine trade development programme



Poultry

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Poultry Plans 2011

Domestic market and QAS

- TV ad to developed in early 2011
 - Tie in with generic campaigns
 - 2 QAS chicken promotions with focus on whole birds
- €300 k available from industry

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