Global and European beef market update
# Table of Contents

Executive Summary ................................................................................................................. 3  

Global Beef Production and Export Availability .................................................................... 5  
  Brazil .................................................................................................................................... 5  
  Argentina .......................................................................................................................... 7  
  Uruguay ........................................................................................................................... 8  
  United States .................................................................................................................. 9  
  Australia ........................................................................................................................... 10  

Import Developments for Beef in Global Markets ................................................................. 12  

EU-27 Beef Market Outlook .................................................................................................... 14  

Beef and Veal Situation in Individual Member States .......................................................... 16  
  United Kingdom ............................................................................................................. 16  
  France ............................................................................................................................ 17  
  Germany ......................................................................................................................... 19  
  Italy ................................................................................................................................. 20  
  Sweden ........................................................................................................................... 20  
  Netherlands .................................................................................................................... 21  
  Spain ............................................................................................................................... 21  
  Ireland ............................................................................................................................. 22
Executive Summary

A general shift in demand from developed economies to emerging economies has become increasingly evident in the global beef market since 2007. An example of this is the change in distribution of Brazilian beef exports, which has seen 60% of shipments going to Russia, Egypt, Iran and Hong Kong during the first eight months of 2011 compared to 36% in 2006.

To date in 2011, beef supplies in most key exporting regions have tightened, particularly across South America. As a result, the combined exports of Brazil, Argentina and Uruguay are expected to fall by 13% in 2011.

Global beef prices have continued to increase with prices to date in 2011 rising by 11 – 26% in the key countries of Uruguay, Argentina, Brazil, Australia and the United States. Ongoing strong global prices are anticipated for the remainder of 2011 and into 2012.

Strong export volumes to Russia and Turkey, which took a combined 143,000 tonnes in the first half of 2011 are providing a new outlet for European beef. This together with some tightening in supplies across a number of EU member states and a 14% fall in EU imports is helping to offset the ongoing slow consumer demand for beef across Europe.

European male cattle prices to date in 2011 are running 9% higher with R3 young bull prices averaging €3.41/kg. Prices for the first three weeks of September were 13% stronger than the corresponding period in 2010.

In terms of the major European markets for Irish beef, increased UK output during the early part of 2011 impacted on import demand. However, an anticipated fall of 4% to just over 1.3 million head in cattle supplies during the 2nd half of 2011 is expected to help import requirements between now and year end.
Import demand from France is being affected by increased domestic cow and prime supplies. However, an anticipated decline in output during 2012 is expected to help import demand, especially for cow beef.

Italian and Spanish import demand is being affected by falling consumer purchases while Dutch demand is stable and stronger purchases are being reported in Sweden.

Irish finished cattle supplies are expected to reach around 1.55 million head in 2011, which compares to 1.64 million head last year. This reflects the impact of strong live cattle exports in during 2009/10 and lower calf registrations in 2009. A further decline is expected in availability for 2012, particularly during the 1st half of the year.

Despite a modest turnaround in average carcase weights, the lower output is expected to result in Irish beef exports falling to 460,000 tonnes in 2011, down from more than 500,000 tonnes last year.

Cattle prices have performed strongly to date with a rise of 15% evident for steers and heifers. Current prices are running around 20% or more than 50c/kg ahead of the same period in 2010. This leaves Irish cattle prices running at 98% of the EU average.
Global Beef Production and Export Availability

Forecasts for the main world beef exporters for 2011 show ongoing tightening of beef availability, particularly in South America with the combined production of Brazil, Argentina and Uruguay anticipated to fall by 3%, leaving output more than 7% lower than 2008 levels.

Production from these countries plus the United States and Australia, which together account for two thirds of global beef exports is expected to fall by 1% in 2011 with volumes exported running almost 3% lower.

Global Beef Output & Exports (‘000 tonnes cwe)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011(f)</th>
<th>2012(p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>12,163</td>
<td>11,891</td>
<td>12,048</td>
<td>12,025</td>
<td>11,450</td>
</tr>
<tr>
<td>Brazil</td>
<td>8,575</td>
<td>8,275</td>
<td>8,533</td>
<td>8,400</td>
<td>8,625</td>
</tr>
<tr>
<td>Argentina</td>
<td>3,113</td>
<td>3,376</td>
<td>2,626</td>
<td>2,450</td>
<td>2,525</td>
</tr>
<tr>
<td>Australia</td>
<td>2,138</td>
<td>2,106</td>
<td>2,129</td>
<td>2,220</td>
<td>2,280</td>
</tr>
<tr>
<td>Uruguay</td>
<td>519</td>
<td>537</td>
<td>516</td>
<td>475</td>
<td>445</td>
</tr>
<tr>
<td>Total</td>
<td>26,508</td>
<td>26,185</td>
<td>25,852</td>
<td>25,570</td>
<td>25,325</td>
</tr>
</tbody>
</table>

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>2,086</td>
<td>1,853</td>
<td>1,800</td>
<td>1,575</td>
<td>1,700</td>
</tr>
<tr>
<td>Australia</td>
<td>1,411</td>
<td>1,370</td>
<td>1,358</td>
<td>1,410</td>
<td>1,450</td>
</tr>
<tr>
<td>United States</td>
<td>856</td>
<td>878</td>
<td>1,043</td>
<td>1,175</td>
<td>1,175</td>
</tr>
<tr>
<td>Uruguay</td>
<td>376</td>
<td>391</td>
<td>366</td>
<td>325</td>
<td>300</td>
</tr>
<tr>
<td>Argentina</td>
<td>429</td>
<td>661</td>
<td>310</td>
<td>265</td>
<td>295</td>
</tr>
<tr>
<td>Total</td>
<td>5,158</td>
<td>5,153</td>
<td>4,877</td>
<td>4,750</td>
<td>4,920</td>
</tr>
</tbody>
</table>

Source: Bord Bia estimates based on Safras, INAC, USDA, MLA

For 2012, some slight recovery in Brazilian and Argentinean export availability is forecast, although any increase is likely to be modest. Beef output in the United States is expected to contract during 2012 as the impact of ongoing high feed prices begins to affect supplies while a modest increase is expected in Australia. Export availability will hinge to a large extent on domestic consumption levels, particularly in Brazil and the United States.

Brazil

Fall of 2% expected in Brazilian output

According to Safras, Brazilian beef output fell by 6.5% during the first five months of 2011, with a marked decline in the March to May period. Some upturn in cattle supplies is forecast for the second half of the year due to better pasture conditions relative to the corresponding period last year. For the year, beef output is expected to fall by 2% to 8.4 million tonnes.
For 2012, Brazilian output is forecast by Safras to rise by around 2% as cattle numbers on the 31st December 2009 were 1% higher than year earlier levels. However, much will depend on cow disposals, which were running 12% higher in the first quarter of 2011. This would suggest some further easing in output in 2013.

Some uncertainty continues to surround the future direction of the Brazilian beef industry as increasing production costs, a strengthening Real, crop production becoming more attractive and lower productivity in comparison to their North American counterparts are impacting on the sector.

Brazillian exports to fall by 13% in 2011

Brazilian beef exports are expected to fall for the fourth consecutive year in 2011 as tight supplies, increasing domestic demand and the ongoing strengthening in the Brazilian Real negatively affects competitiveness. To date in 2011 the Brazilian Real is 9% stronger against the US dollar.

For 2011 as a whole, Brazilian beef exports are expected to fall by a further 13% to 1.58 million tonnes. For the first eight months of 2011, Brazilian exports were 22% lower with lower shipments recorded each month.

Chilled and frozen beef exports fell by 22% with sharp reductions to the emerging economies of Iran, Egypt and Hong Kong (down by 20-40%) evident. Similarly shipments to Russia were down 12% reflecting ongoing issues in relation to market access.

Overall exports to the EU-27 were back by 17% to 65,000 tonnes pw during the first eight months of 2011.

Chilled beef exports were 23% lower at 10,400 tonnes pw. This represents a significant change on 2007 levels when chilled exports were in the region of 7,000 tonnes per month against 1,300 tonnes per month in 2011.
Frozen shipments were 8% higher. In terms of the Hilton quota for the 2010/11 season, only 450 tonnes out of its 10,000 tonnes was filled.

Despite further growth in global demand projected for 2012, it seems unlikely that Brazil will have the capacity to boost exports significantly given the strength of domestic consumption.

**Brazilian cattle prices**

Brazilian cattle prices to date are almost 23% higher at €2.61/kg reflecting tight supplies and some strengthening in the Real against the Euro. At current price levels the Brazilian price is running at around 71% of European prices.

**Argentina**

**Argentinian output 10% lower to May**

Following a fall of 22% to 2.62 million tonnes cwe in 2010, a further reduction is evident in Argentinian beef output to date in 2011 due to lower cow and prime cattle supplies as the effects of farm conversions from beef to soya and herd liquidation impact on availability.

For the first 5 months of 2011 output was 10% below last year’s levels. Some slight improvement in beef output is forecast for 2012 as the herd stabilises.

**Higher calf births recorded in 2011**

Since 2008, the herd has fallen by 17% to 47.97 million head. While the herd contracted by 2% in March 2011 as cow numbers eased, there are signs of some turnaround. The calf crop rose by 4% as calving rates improved on the back of better pastoral conditions.

**Beef exports to fall by 15%**

Following a drop of 53% in 2010, export availability continues to fall, reflecting lower domestic supplies and a Government policy that has been supporting the domestic market.

The first seven months of 2011 saw a further decline of 13% in beef exports. Chilled/frozen exports fell by 13% while the average export price increased by 33%. Given the tight supply situation, an outlook for ongoing tight export availability is forecast with a drop of 15% to 265,000 tonnes anticipated for the year.

In terms of exports to the EU, during the 2010/2011 (year ended June) marketing year, Argentina utilised 92 per cent of its annual high value Hilton quota of 28,000 tonnes pw compared to 65% in 2009/10. For the 2011/12 season, exports have been curtailed due to the delay in issuing export licences.

In terms of shipments to the EU, total exports were down by 15% for the first seven months of 2011. This works out at around 4,400 tonnes pw on average per month. This compares to the 8,500 tonnes monthly average recorded in 2009.
The main European market, Germany, still accounts for half of the European imports. The Netherlands and Italy account for most of the rest.

**Argentinian cattle prices 24% higher**

Argentinean cattle prices are 24% higher to date at €2.62. This follows a doubling of steer prices in both peso and US dollar terms between 2009 and 2010.

**Industry investment**

Industry commentators in Argentina have highlighted concerns that declining throughput is curtailing investment in the sector, with some companies working at reduced capacity and others being forced to shut down. Higher prices have also dented meat packer’s competiveness.

**Uruguay**

**Uruguayan beef production to fall by 8%**

Uruguayan beef production fell by 4% to 516,000 tonnes cwe in 2010. However, the decline in output was more prominent during the second half of 2010 with a drop of 17% recorded. This trend continued into the first half of 2011, with supplies easing by a further 15%. This reflected an increase in live exports, particularly to Turkey and some herd rebuilding taking place post the 2008 and 2009 drought.

INAC estimate that cattle supplies will increase in the second half of 2011 as live exports to Turkey are expected to ease. For the year, beef output is forecast to fall by 8% to 475,000 tonnes cwe.

A further decline of 6% in Uruguayan beef production is forecast for 2012 as numbers of younger cattle declined in 2010 and 2011.

**15% drop in cattle numbers under one year old**

The cattle herd in June 2010 was at its lowest level since 2002 with a drop of 4% recorded on 2009 levels. Numbers under one year were down 15% as calving rates were reduced by the drought of 2008 and 2009.

**Beef exports 23% lower in first half of 2011**

Total Uruguayan beef exports fell by over 6% to 366,000 tonnes cwe in 2010 with shipments during the second half of 2010 running 25% lower than a year earlier. The fall in exports has continued into 2011 with exports for the 1st half of 2011 some 23% lower. For the year shipments are expected to drop by 12% to 325,000 tonnes.
Uruguayan 2010 beef exports, tonnes pw

<table>
<thead>
<tr>
<th>Destination</th>
<th>% Change</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>+105%</td>
<td>14,400</td>
</tr>
<tr>
<td>Russia</td>
<td>+15%</td>
<td>81,300</td>
</tr>
<tr>
<td>EU-27</td>
<td>-25%</td>
<td>50,200</td>
</tr>
<tr>
<td>US</td>
<td>-15%</td>
<td>19,900</td>
</tr>
<tr>
<td>Brazil</td>
<td>-4%</td>
<td>10,300</td>
</tr>
</tbody>
</table>

Source: INAC/GTIS

The key markets for Uruguay in 2010 were Russia followed by the EU-27. Some significant growth in exports to Chile was recorded in 2010, although this was off a low base as supplies remained tight.

Shipments to the EU-27 region were back by 25%, with most of this fall occurring in the UK where shipments fell by 44% to 11,000 tonnes pw. Although off a low base, shipments to Ireland fell by 50% to 1,600 tonnes pw.

**Uruguayan cattle prices 26% higher**

Uruguayan cattle prices to date this year were 26% higher at €2.46 as prices rose significantly from this February onwards.

**United States**

**Drop in US beef production for 2012**

Beef output in the United States increased modestly in 2010 to just over 12 million tonnes cwe. Output in 2011 should remain similar to last year’s levels.

However, the USDA anticipates that production will fall by around 5% next year, reflecting the impact of higher culling that has occurred within the beef cattle herd as profitability levels deteriorate on the back of high feed prices.

According to Rabobank, most of the fall in output will materialise in the second half of 2012 with throughput expected to be 7% lower than comparable 2011 levels. The anticipated fall is being exacerbated by severe drought in Texas, which accounts for 25% of the US beef cow herd. At the moment the region is supplying 50% of US cow disposals, which would indicate significant herd liquidation. However, in the short term a strong increase in the number of cattle placed into feedlots is expected to boost production in late 2011 and early 2012. In July, numbers of cattle placed into feedlots were 22% higher than a year earlier.

**US exports continue to grow**

Sluggish domestic demand combined with improved access to key markets in Asia has led to further growth in US beef exports. Shipments grew by 19% in 2010, with the average export
price rising by 11%. This growth reflected strong global demand coupled with a favourable exchange rate with increased shipments to Asian markets and the EU market.

**United States 2010 beef exports, tonnes pw**

<table>
<thead>
<tr>
<th>Destination</th>
<th>% increase/decrease</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>497%</td>
<td>25,700</td>
</tr>
<tr>
<td>Egypt</td>
<td>100%</td>
<td>28,700</td>
</tr>
<tr>
<td>South Korea</td>
<td>93%</td>
<td>101,800</td>
</tr>
<tr>
<td>EU-27</td>
<td>55%</td>
<td>20,300</td>
</tr>
<tr>
<td>Taiwan</td>
<td>44%</td>
<td>38,700</td>
</tr>
<tr>
<td>Japan</td>
<td>30%</td>
<td>105,400</td>
</tr>
<tr>
<td>Canada</td>
<td>6%</td>
<td>140,000</td>
</tr>
<tr>
<td>Mexico</td>
<td>-21%</td>
<td>160,000</td>
</tr>
</tbody>
</table>

For the first half of 2011, beef exports jumped by a further 26%, with the price rising by 12%. This reflects strong shipments to Canada, Russia and across Asian markets, particularly South Korea, Hong Kong and Japan. Exports to the EU-27 region also showed strong growth at 26% although this was off a relatively small base at 12,100 tonnes. For the year, exports are forecast to rise by 13% to 1.17 million tonnes.

For 2012, subdued US economic growth is likely to help maintain exports despite reduced output. However, much will depend on the relative strength of the US dollar. Rabobank believes that the US could even become a net importer of beef next year given their supply outlook.

**US cattle prices 11% higher**

Cattle prices to date this year are around 11% stronger at €2.77/kg reflecting tightening domestic supplies. This is despite the US dollar weakening against some of the main currencies, including the Euro.

**Australia**

**Recent herd rebuilding boosting Australian output**

Australian beef production was marginally higher in 2010 at 2.13 million tonnes. Improved pastoral conditions and recent herd rebuilding are forecast to boost production by up to 4% during 2011.

Some further growth in beef output is anticipated for 2012, with current forecasts suggesting a rise of 2% to 2.28 million tonnes.

According to the MLA, the June 2011 survey shows that the herd has recovered by almost 4% to 27.5 million head. Much of this growth was underpinned by better grazing conditions since the start of 2010.
Beef exports growing in line with output

Australian beef exports in 2010 were marginally lower at 1.36 million tonnes cwe due primarily to the strength of the Australian dollar against the US dollar. As a result, shipments to the United States fell by 27% to 185,700 tonnes pw.

Growth in beef exports throughout 2011 should be similar to the increase in output levels forecast. For the first half of 2011, shipments increased by 3% with most of the growth evident in South Korea and Russia.

Japan remains the main destination for Australian beef followed by the US. However, exports to the US have continued to fall due to the ongoing strength in the Australian dollar against the US dollar.

Further export growth is assumed for 2012 as domestic production strengthens allied with global demand remaining firm. The MLA anticipates export growth of almost 4%. This forecast assumes that the Australian dollar does not strengthen any further and that global economic uncertainty settles down.

Australian cattle prices 19% higher

Australian steer prices have increased by around 19% to €2.41/kg to date this year. The cow trade also experienced a similar lift in trade, with prices 24% higher at €2.10/kg.
Import Developments across key regions

Over the last few years, a shift in the structure of the international beef trade has become evident. From the fallout of the economic crisis in 2008, a fall off in demand across developed economies has been evident, which is in contrast to demand across emerging economies strengthening in response to strong economic growth.

Some deterioration in consumer sentiment has occurred across the main developed regions (the EU, US and Japan) to date in 2011. September IMF forecasts indicated that annual economic growth for these in total will average around 1% in 2011 before recovering to 1.7% in 2012 as the Japanese economy is expected to get back on its feet following the earthquake last March.

In contrast most of the emerging economies (Brazil, China, Russia and South East Asia) are experiencing strong economic growth. This combined with an existing deficit in beef has improved import demand considerably in most of these countries. Economic growth for these countries for both 2011 and 2012 is forecast at around 6%.

Trends by the main global importers, namely Russia, Asia and the Middle East/North Africa are as follows:

<table>
<thead>
<tr>
<th>Asian imports from key exporters, 2010</th>
<th>Brazil</th>
<th>US</th>
<th>Australia</th>
<th>Uruguay</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>China/Hong Kong</td>
<td>68,000</td>
<td>38,000</td>
<td>19,000</td>
<td>13,000</td>
<td>138,000</td>
</tr>
<tr>
<td>Indonesia</td>
<td></td>
<td>50,000</td>
<td></td>
<td></td>
<td>50,000</td>
</tr>
<tr>
<td>Philippines</td>
<td>12,000</td>
<td></td>
<td>22,000</td>
<td></td>
<td>34,000</td>
</tr>
<tr>
<td>Malaysia</td>
<td></td>
<td></td>
<td>11,000</td>
<td></td>
<td>11,000</td>
</tr>
<tr>
<td>Singapore</td>
<td></td>
<td></td>
<td>11,000</td>
<td></td>
<td>11,000</td>
</tr>
<tr>
<td>Taiwan</td>
<td></td>
<td>39,000</td>
<td>32,000</td>
<td></td>
<td>71,000</td>
</tr>
<tr>
<td>South Korea</td>
<td></td>
<td></td>
<td>141,000</td>
<td></td>
<td>141,000</td>
</tr>
<tr>
<td>Vietnam</td>
<td></td>
<td>40,000</td>
<td></td>
<td></td>
<td>40,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Middle East &amp; North African imports from key exporters, 2010</th>
<th>Brazil</th>
<th>US</th>
<th>Argentina</th>
<th>Uruguay</th>
<th>EU-27</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egypt</td>
<td>113,000</td>
<td>29,000</td>
<td></td>
<td></td>
<td></td>
<td>142,000</td>
</tr>
<tr>
<td>Algeria</td>
<td>30,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>30,000</td>
</tr>
<tr>
<td>Libya</td>
<td>16,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>16,000</td>
</tr>
<tr>
<td>Iran</td>
<td>191,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>191,000</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>30,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>30,000</td>
</tr>
<tr>
<td>Israel</td>
<td>25,000</td>
<td>26,000</td>
<td>13,000</td>
<td></td>
<td></td>
<td>64,000</td>
</tr>
<tr>
<td>Turkey</td>
<td></td>
<td></td>
<td></td>
<td>51,000</td>
<td>51,000</td>
<td>51,000</td>
</tr>
<tr>
<td>Lebanon</td>
<td>19,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>19,000</td>
</tr>
</tbody>
</table>
**Russian imports from key exporters, 2008-2010**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>404,000</td>
<td>322,900</td>
<td>282,200</td>
</tr>
<tr>
<td>Uruguay</td>
<td>88,900</td>
<td>66,200</td>
<td>79,000</td>
</tr>
<tr>
<td>Paraguay</td>
<td>83,300</td>
<td>46,700</td>
<td>64,100</td>
</tr>
<tr>
<td>Australia</td>
<td>69,000</td>
<td>16,200</td>
<td>41,200</td>
</tr>
<tr>
<td>Argentina</td>
<td>69,400</td>
<td>137,000</td>
<td>33,900</td>
</tr>
<tr>
<td>Germany</td>
<td>16,200</td>
<td>5,900</td>
<td>24,300</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>730,800</strong></td>
<td><strong>594,900</strong></td>
<td><strong>524,700</strong></td>
</tr>
</tbody>
</table>

Trade from the EU-27 region to Turkey for the first 7 months of 2011 amounted to 89,000 tonnes. Import demand is being boosted by limited domestic production, shortages of lamb, population growth and strong economic growth. Some uncertainty hangs over the future of this trade as import tariffs were raised to 70% in July as opposed to 30% last October when Turkish authorities effectively reopened the trade. However, some industry sources have suggested that import tariffs could be lowered again towards the end of 2011 due to ongoing tight domestic supplies.

The political upheavals in the Middle East in 2011 have had little impact on trade. Brazil is the major supplier. However, due to tight domestic supplies, Brazilian exports to the main African and Middle Eastern countries declined. Shipments to the two principal markets, Iran and Egypt were back 20% and 27% to 75,800 tonnes and 35,300 tonnes, respectively.

Russian imports from Brazil and Argentina fell significantly during the 2008 to 2010 period. With supplies from these countries restricted, Germany and Australia capitalised by growing exports significantly, albeit off a low base. For the first half of 2011, imports have recovered by 21% to 311,200 tonnes pw. Imports from Brazil have settled down, with modest growth recorded at 4% to 126,600 tonnes, although issues over market access remain. Significantly Germany and Australia have maintained their good performance from 2010 into 2011, with Australian imports showing a fourfold increase and German imports doubling.
EU-27 Beef Market Outlook

Little change in EU beef production

For 2010, EU beef output increased by just over 2% to 8.1 million tonnes reflecting the impact of higher feed costs throughout the majority of the key member states.

EU Beef Balance

<table>
<thead>
<tr>
<th>(000 tonnes)</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011(f)</th>
<th>2012(p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net production</td>
<td>8,077</td>
<td>7,929</td>
<td>8,114</td>
<td>8,112</td>
<td>7,985</td>
</tr>
<tr>
<td>Meat imports</td>
<td>385</td>
<td>420</td>
<td>370</td>
<td>320</td>
<td>335</td>
</tr>
<tr>
<td>Chilled/Frozen</td>
<td>244</td>
<td>294</td>
<td>263</td>
<td>235</td>
<td>245</td>
</tr>
<tr>
<td>Meat Exports</td>
<td>166</td>
<td>117</td>
<td>275</td>
<td>385</td>
<td>310</td>
</tr>
<tr>
<td>Consumption</td>
<td>8,296</td>
<td>8,232</td>
<td>8,209</td>
<td>8,047</td>
<td>8,010</td>
</tr>
<tr>
<td>- Per Capita</td>
<td>16.6</td>
<td>16.5</td>
<td>16.4</td>
<td>16.0</td>
<td>16.0</td>
</tr>
</tbody>
</table>

Source: Bord Bia based on EU Commission

For 2011, output is expected to settle down and remain unchanged at 8.1 million tonnes. However, some increase in output during the first half is expected to be offset by lower volumes in the second half. Increases in French and Polish output will be offset by reduced German and Irish supplies.

For 2012, lower output levels in France and the UK in particular is expected to result in a fall of up to 2% in European beef output.

Slow consumer demand persists

Despite export demand jumping in the second half of 2010, the fall in volumes available for consumption was marginal given that output increased across several key member states.

For 2011, consumer demand across most markets remains slow as austerity measures in all the major eurozone economics dampen purchases. Consumption is expected to be hit the hardest in the Spanish and Italian markets.
The latest household purchase data shows that both French and Italian sales in volume terms being 2\% lower for the first six months of the year compared to the corresponding period last year. While Spanish beef consumption has fallen by almost 8\% in the last 52 week period ending June.

**EU Import volumes decline**

EU beef imports fell by 12\% in 2010 to 370,000 tonnes with reductions for both chilled/frozen and processed. This reflected lower shipments from South America.

For 2011, trade remains weak as lower shipments from Argentina, Brazil and Uruguay persist due to tight domestic supplies, demand from other markets and the ongoing weakness in the Euro against the Brazilian Real. For the year, imports are forecast to fall by 14\% to 320,000 tonnes.

**EU exports increase strongly**

Exports of beef from the EU are taking pressure off the internal market with shipments for the first seven months of 2011 150\% higher at 226,000 tonnes cwe driven by increased exports from France, Germany and Poland in particular. Exports of bone-in carcase beef in particular increased sharply last autumn with the opening up of the Turkish market.

During 2011, trade to Turkey has remained strong for much of the year while import demand from Russia has risen by 53\% on year earlier levels during the first seven months. Turkey and Russia accounted for 30\% and 20\%, respectively of the total in EU trade for beef and live animals during this period. For the year, exports are forecast to increase by 40\% to 385,000 tonnes leaving the EU as a net exporter of beef for the first time since 2002.

**European prices 9\% higher**

The weighted EU-15 R3 male price has increased by 9\% to €3.41/kg to date this year on the corresponding period last year reflecting the impact of tightening supplies, lower import demand and greater volumes of beef being exported to emerging markets.
Beef and Veal Situation in Individual Member States

United Kingdom

Finished cattle supplies tightening

During the first half of 2011, output increased by another 8% with approximately half this growth coming from prime cattle, as the adverse weather conditions in December pushed marketing’s into the new year.

Cow supplies have remained strong throughout the entire 1st half as both dairy and suckler producers were attracted by strong cull cow prices considering the possible event of lower forage supplies following the spring drought. Cow supplies in the second quarter were 25% stronger on year earlier levels.

There are indications that supplies have peaked and some fall can be anticipated in the second half of 2011 and into 2012 due to higher feed costs and cattle which have been marketed earlier than usual. Prime cattle supplies in the second half are forecast to fall by over 5% to 1 million head. Other factors which are expected to contribute lower output are lower carcase weights and significantly lower live imports of cattle from Ireland into Northern Ireland. For the year production is forecast to increase by just over 1% to 918,000 tonnes.

Prime cattle supplies are expected to ease further by 2012, especially young bulls, given that dairy male registrations have been falling since last autumn. Some downward pressure on cow supplies is expected given the change in seasonality of cow culling that has materialised so far into 2011.

UK cattle herd contracting?

The number of cattle under one year in the December 2010 survey was up by 2% on a year earlier but given more recent developments in cow disposals and some increase in the numbers of calves not entering the food chain, availability of cattle less than one year is now expected to edge downwards.

Consumption under pressure

Demand is under pressure from the cutbacks in consumer spending with trading down to cheaper cuts and more retailer promotions the key strategy in increasing sales in the UK.

Household purchases have increased by 1% and 4% through the latest 52 and 12 week periods ending July 2011. For the remainder of the year though, consumption is expected to see some further pressure. Total consumption is expected to fall by 4% to 1.13 million tonnes reflecting tough new austerity measures with the food service channel badly hampered.
UK beef Imports ease

In response to lower consumption levels, imports are expected to weaken further to 338,000 tonnes in 2011. With little sign of a recovery on the horizon, imports are expected to fall by another 3% to 320,000 tonnes in 2012.

UK beef exports increase further

In the first seven months of 2011 UK beef exports increased by a further 34% helped by increased domestic production and further rises in export demand led by the Dutch market.

UK cattle prices 9% higher

The steer price to date has risen by around 9% to €3.43/kg. However, since supplies have begun to tighten, current prices are now 15% higher than previous year levels.

UK Beef Balance

<table>
<thead>
<tr>
<th>(000 tonnes)</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011(f)</th>
<th>2012(p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Production</td>
<td>862</td>
<td>833</td>
<td>908</td>
<td>918</td>
<td>890</td>
</tr>
<tr>
<td>Prime Beef</td>
<td>694</td>
<td>685</td>
<td>741</td>
<td>744</td>
<td>730</td>
</tr>
<tr>
<td>Cow Beef</td>
<td>167</td>
<td>145</td>
<td>165</td>
<td>172</td>
<td>158</td>
</tr>
<tr>
<td>Meat Imports</td>
<td>465</td>
<td>395</td>
<td>376</td>
<td>338</td>
<td>320</td>
</tr>
<tr>
<td>Chilled/frozen</td>
<td>292</td>
<td>275</td>
<td>272</td>
<td>250</td>
<td>240</td>
</tr>
<tr>
<td>Consumption</td>
<td>1,226</td>
<td>1,129</td>
<td>1,156</td>
<td>1,106</td>
<td>1,045</td>
</tr>
<tr>
<td>Meat Exports</td>
<td>101</td>
<td>99</td>
<td>128</td>
<td>150</td>
<td>165</td>
</tr>
</tbody>
</table>

Source: Bord Bia based on AHDB, EU Commission

France

French beef production to rise by 2% in 2011

For 2011, beef output is expected to increase by just over 2% to 1.59 million tonnes. This reflects earlier cattle marketing due to drought, lower confidence amongst suckler cow producers, along with producers adjusting herd size to match lower forage availability.

However, some tightening in male beef output is forecast for the second half of the year, as producers forward finished dairy young bulls in particular, to preserve forage supplies for the dairy cows. During the first half of the year male beef supplies were running 8% ahead of last year’s supplies. For the year, male cattle supplies are expected to be marginally higher, indicating a significant tightening during the latter months.

Assuming better forage conditions and smaller decline in beef cow numbers, with easing back in the culling rate, beef production should be around 3% lower at 1.53 million tonnes during 2012.
Male beef production is expected to fall by up to 4% to 500,000 tonnes due to lower stock inventories. Lower feed availability should also lead to lower carcase weights.

**Consumer demand remains sluggish**

Consumer demand increased by over 1% to 1.67 million tonnes in 2010. Albeit this was against relatively weak demand levels posted in 2009. Up to mid June in 2011, household purchases of beef (excl. Mince) fell by 4%. Although, mince sales which account for 25% of fresh beef purchases increased by 2%. For the year, consumption is expected to ease slightly to 1.66 million tonnes.

Some further slight decline in consumption is expected in 2012 given tight domestic supplies and the lack of confidence in the economy.

**Lower French imports anticipated**

French import demand is expected to fall by around 8% in 2011, reflecting the high level of domestic cow beef available combined with lower supplies of cow beef in supplying countries. Total imports were down 12% for the first seven months of the year.

Germany, the Netherlands, Ireland and Italy are the principal suppliers in that order to date in 2011. Between them they account for around three quarters of total imports. Exports are forecast to rise by 5% to 296,000 tonnes mainly due to increased domestic supplies, with Turkey being the key emerging market to date.

For 2012, beef exports are forecast to return to 2010 levels as cow supplies tighten. This should help increase import demand by around 8% to 400,000 tonnes.

**French cattle prices**

Young bull prices have increase by 8% to date this year. However, current prices remain unchanged from last year’s levels, perhaps reflecting sluggish domestic demand and some slowdown in European exports following the increase in Turkish import tariffs in July.

**France Beef and Veal Balance**

<table>
<thead>
<tr>
<th>(000 tonnes)</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011(f)</th>
<th>2012(p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Production</td>
<td>1,514</td>
<td>1,505</td>
<td>1,549</td>
<td>1,586</td>
<td>1,534</td>
</tr>
<tr>
<td>Female Beef</td>
<td>767</td>
<td>805</td>
<td>827</td>
<td>860</td>
<td>830</td>
</tr>
<tr>
<td>Male Beef</td>
<td>535</td>
<td>493</td>
<td>515</td>
<td>522</td>
<td>500</td>
</tr>
<tr>
<td>Veal</td>
<td>212</td>
<td>207</td>
<td>207</td>
<td>204</td>
<td>204</td>
</tr>
<tr>
<td>Meat Imports</td>
<td>403</td>
<td>408</td>
<td>400</td>
<td>370</td>
<td>400</td>
</tr>
<tr>
<td>Meat Exports</td>
<td>275</td>
<td>271</td>
<td>282</td>
<td>296</td>
<td>280</td>
</tr>
<tr>
<td>Consumption</td>
<td>1,642</td>
<td>1,643</td>
<td>1,667</td>
<td>1,660</td>
<td>1,654</td>
</tr>
</tbody>
</table>

Source: Bord Bia based on Institut D’Elevage, EU Commission
Germany

German beef output to fall

German beef production had been forecast to fall by more than 2% in 2011 to 1.17 million tonnes. However, cattle supplies up to the beginning of September were similar to the corresponding period last year. This would indicate that supplies should tighten for the remainder of the year.

Some further modest decline in output is expected in 2012.

Import demand recovering

Import demand fell by 4% in 2010. Most of the decline was evident in Dutch and Polish shipments. Irish exports to Germany reached 5,400 tonnes pw, which represented an 82% increase compared to a year earlier.

For the first half of 2011, German imports recovered by 13% to 152,000 tonnes pw as domestic supplies remain relatively tight. Irish shipments more than doubled to 4,400 tonnes. Of the key trading partners, the Netherlands and France have grown exports by 15% and 28%, respectively.

Export demand settling down

Export demand in 2010 eased by around 2% to 440,000 tonnes pw as consumption levels were largely unchanged and lower imports were evident. With the emergence of Turkey as a market for German beef, some shipments were redirected from key markets, resulting in lower shipments to the Netherlands, France and Italy. These markets have traditionally accounted for half of German beef exports.

Shipments of beef for the first half of 2011 were unchanged from last year’s levels at 211,300 tonnes pw. However, as evident for the last quarter of 2010, some shipments of beef are being redirected towards the Turkish market as opposed to the traditional destinations like, the Netherlands, Italy and France. Around 19,000 tonnes pw were exported to Turkey during this period.

Consumption

According to the European working forecast meeting, consumption was relatively steady in 2010 at 1.02 million tonnes. However, this is due to fall to 990,000 tonnes by the end of 2011 reflecting some slight fall in consumer confidence.

German cattle prices

German young bull prices are running 13% higher to date at €3.52/kg. Current prices are running 18% ahead of last year at €3.67/kg.
Italy

**Italian beef production to fall by 2% in 2011**

Unlike other major EU producing countries, output tends to stay relatively unchanged. Although, some slight downward pressure on young bull beef production is becoming increasingly evident due to higher feed costs. This trend seems likely to continue as there is no evidence of any strong import demand for store cattle while the supply of domestically reared calves is in decline. For the year young bull production is forecast to fall by 2% with total output down by a similar percentage.

**Import demand falling**

Imports increased by 3% to 503,000 tonnes in 2010, helped by strong price competitiveness of imported beef. The main beneficiaries were France and Ireland whose shipments were 18% higher. Imports from Brazil increased by 37%, although they were still only one third of 2007 levels and the rise did little more than offset the sharp decline for Argentina.

Despite French supplies increasing by 15% during the first half of 2011, import demand fell 3%. Shipments from Ireland and Brazil fell by 4% and 2% respectively. Some further decline is expected for the remainder of the year, with imports for the year forecast to fall by 5% to 475,000 tonnes.

**Slower consumer demand reported**

Demand for beef was broadly stable throughout 2010 at 1.4 million tonnes. In 2011, consumption is expected to fall by 3% to 1.36 million tonnes on account of low economic growth and subdued consumer sentiment with consumer panel data showing that purchases fell by 5% in the first quarter.

**Italian cattle prices**

Italian young bull are running 6% higher year to date at €3.64/kg. This is around 3% higher than the European average.

Sweden

**Stronger Swedish import demand**

Import demand in 2010 recovered by 6% to 81,000 tonnes. Ireland remained the largest supplier, accounting for almost 30% of market share.

For 2011, import demand increased by 2% for the first half of the year. Imports from Ireland grew by 13% to 13,200 tonnes for this period. Import demand is set to remain firm as consumption remains strong combined with domestic supplies tightening further.
Netherlands

Dutch beef production showing some recovery

After some decline in production in 2010, output is expected to increase by 3% in 2011 to 401,000 tonnes, with little increase forecast for 2012 based on a recent EU working forecast meeting which anticipated little change in the cow herd for 2012 at 1.62 million head. Cow beef accounts for 85% of Dutch beef production.

Steady Import demand

Import demand remained broadly similar at 370,800 tonnes pw during 2010. Some decline was evident in German imports. However this was offset against stronger imports from Poland, the UK and Belgium. For the first half of 2011, imports were 8% weaker with imports from Ireland 22% lower.

Dutch cattle prices

Dutch young bull to date this year prices are running 8% higher at €3.05/kg.

Spain

Feed costs impact on Spanish output

Beef output is expected to ease slightly to 582,000 tonnes during 2011 as feedlots are affected by higher feed costs. Consequently, demand for store cattle and rearing calves have fallen. Little change is anticipated for 2012. However, some decline in Spanish output cannot be ruled out based on cow numbers being 2% lower in the December 2010 survey. If this happens it would help stabilise import levels.

Beef consumption under pressure

Despite the average price of beef falling by 2% during 2010, household purchases fell by 5% as consumers switched to pigmeat and poultry consumption. The slowdown in consumption has continued into 2011. Household purchases fell by 7% during the February to April period, reflecting the economic uncertainty that prevails.

Import demand affected by slower consumption

Beef imports increased by 4% to 129,500 tonnes in 2010, with most of the growth evident in French, German and Polish imports. However, for the first half of 2011, imports fell by 9%. Although Irish imports are broadly unchanged at 5,400 tonnes pw. Import demand is likely to remain weak as consumption remains in decline and production remains stable.
Spanish cattle prices

The Spanish young bull price in comparison to some of the other key beef producing counterparts witnessed an increase of just 6% to €3.38/kg to date this year.

Ireland

Lower production levels to continue

In 2011, Irish Beef output is expected to return to 2009 levels at 514,000 tonnes reflecting the impact of strong live cattle exports in 2009/10 and lower calf registrations in 2009. Cattle supplies up to middle of September were 5% or 60,000 head lower than last year.

Looking forward to the remainder of 2011, availability of prime cattle looks set to remain tighter than last year. The Department of Agriculture’s AIM database for the 1st June 2011 showed a drop of 165,000 in the number of male cattle aged between 12 and 30 months of age.

For the year, supplies at export plants are expected to be in the region of 1.55 million head. A further decline in finished cattle availability is expected for 2012, particularly during the 1st half.

Exports reflecting tighter availability

Like output levels, exports are expected to return to 2009 levels of 460,000 tonnes. The main destinations for Irish beef remains for the UK, France, the Netherlands and Italy. These markets account for almost 80% of trade.

For the first half of 2011, the UK was the principal market, accounting for over 53% of the total exports. The other key markets remain, France, the Netherlands and Italy, between these markets they accounted for a further 26%.

Cattle prices 15% higher to date

To date this year, prices paid by Irish beef plants have been more than 15% higher than the same period in 2010. All categories of stock have experienced this increase, from prime steers and heifers to young bulls and cull cows.

Throughout the first half of the year, the average price paid in Ireland was within 2% of the equivalent UK and EU-15 cattle prices. From the beginning of April to the middle of August, the Irish R3 steer prices has consistently exceeded the average European price. In the past few weeks the Irish price has just slipped below both the EU and UK average.