

Review & Outlook Global Sheep Meat Markets

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10 January 2020

BORD BIA
IRISH FOOD BOARD

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OVERVIEW

PRODUCTION & PRICES

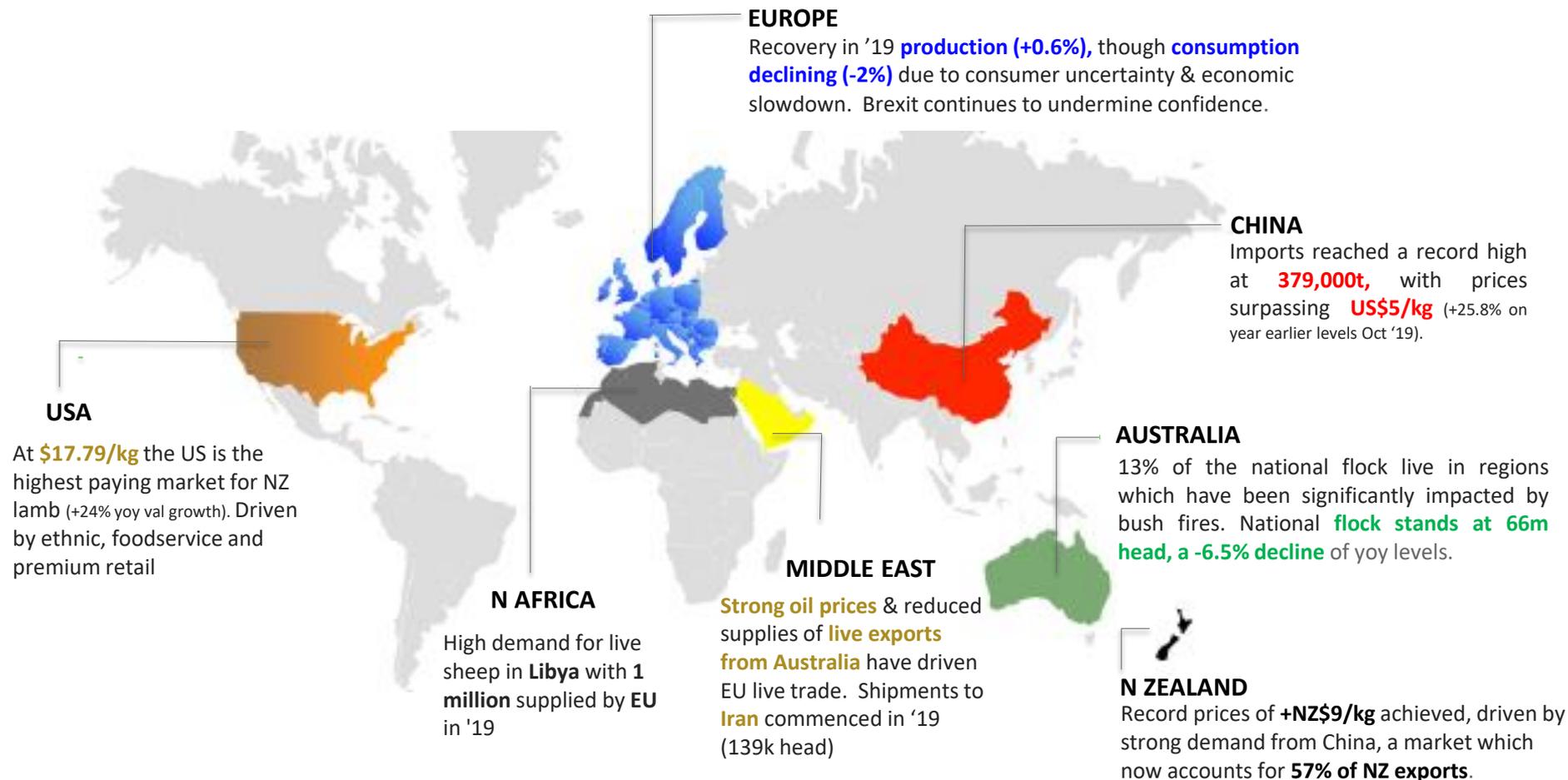
EXPORTS

UK / CHINA / USA

OUTLOOK

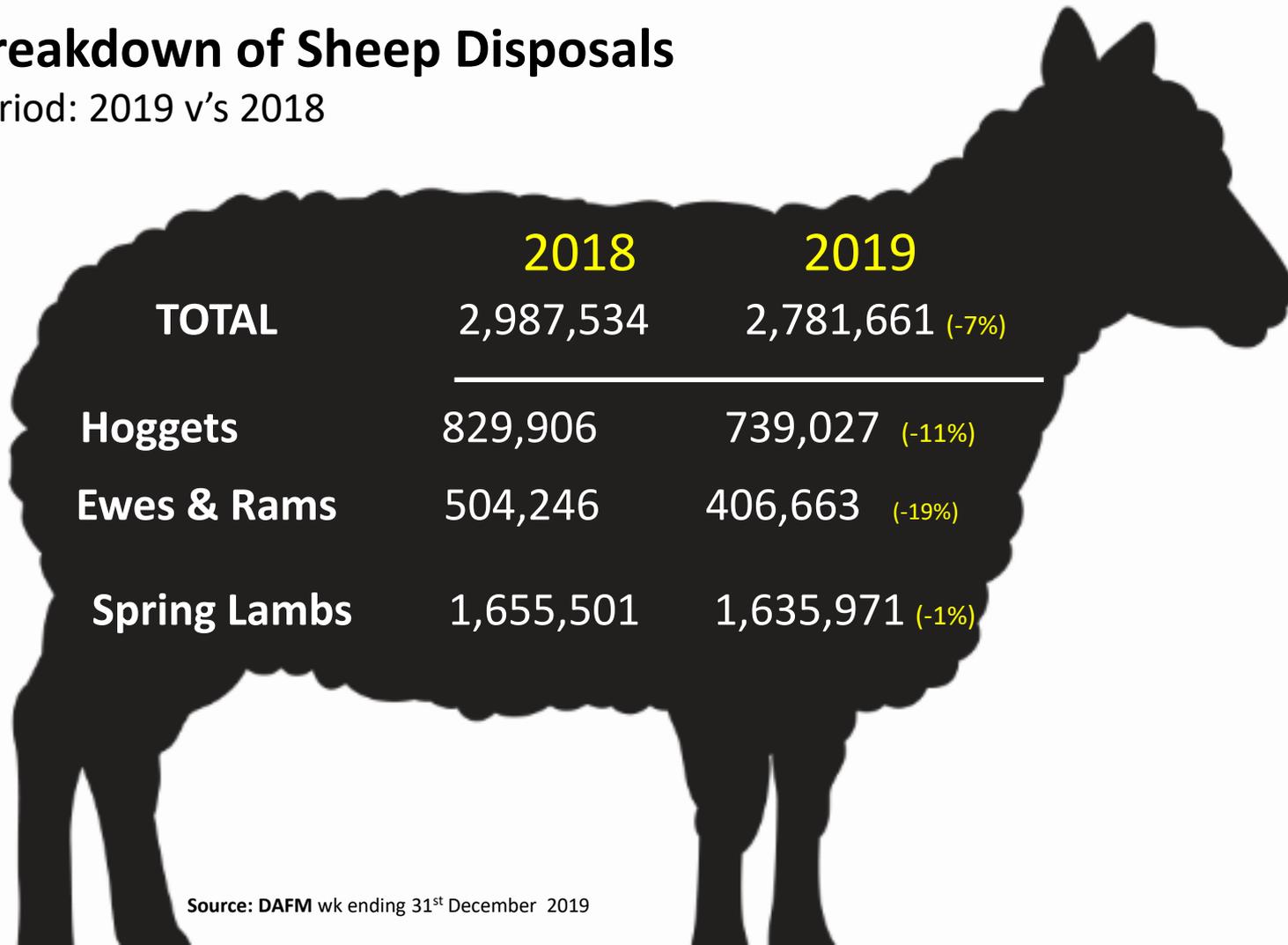


THE GLOBAL SHEEP MEAT SECTOR



Breakdown of Sheep Disposals

Period: 2019 v's 2018



HOGGETS

- 90,879

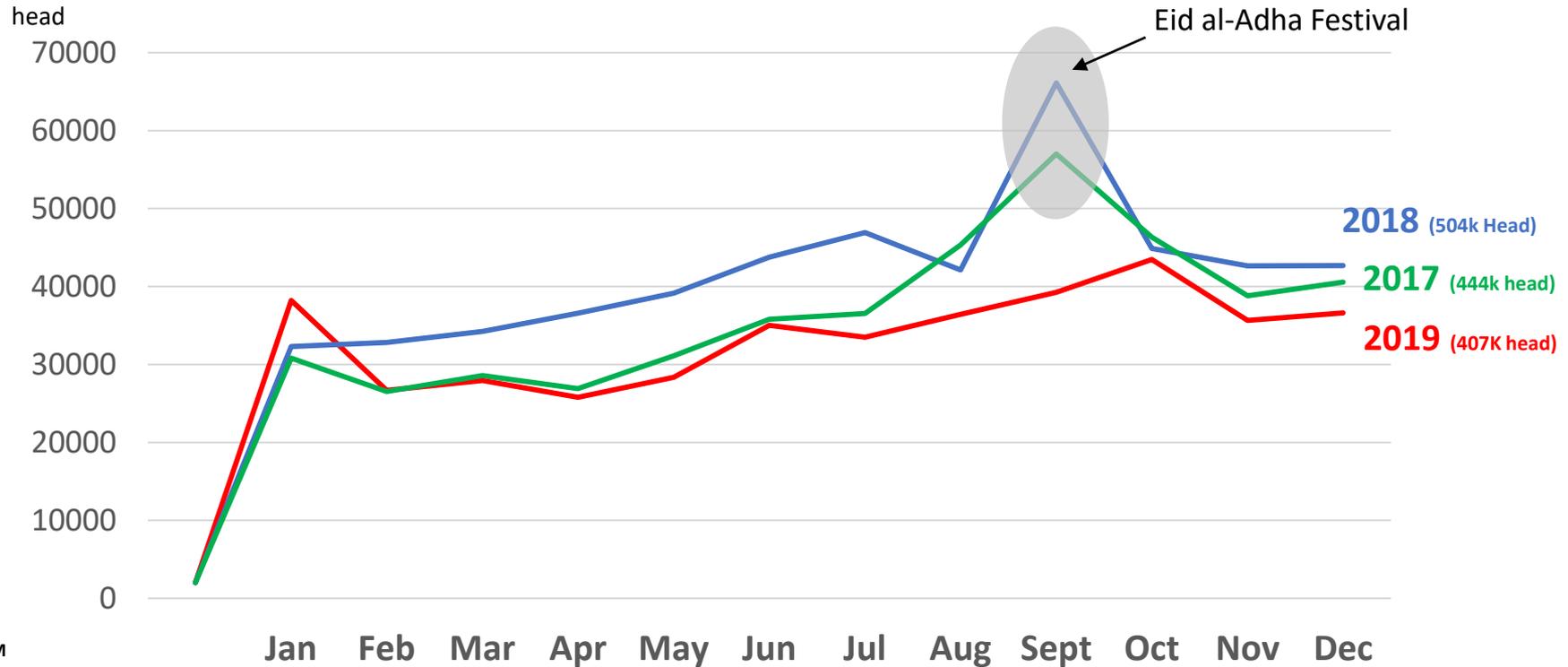
EWES & RAMS

- 97,583

SPRINGS

- 19,530

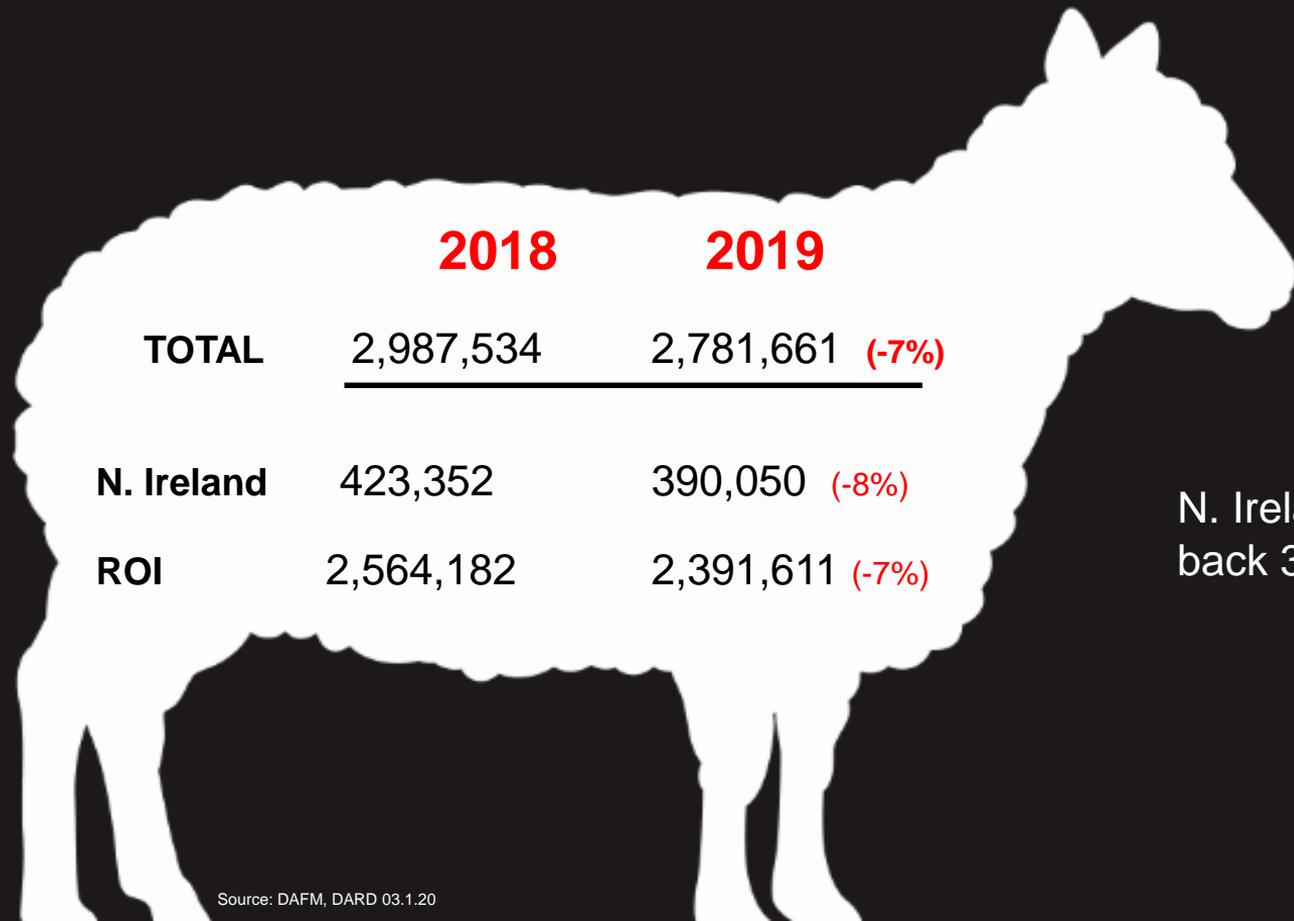
Throughputs of Ewes & Rams 2019 v's '18/'17



Source: DAFM

Origin of Sheep Disposals

Period: 2019 v's 2018



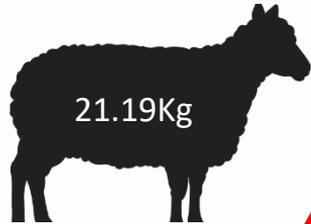
	2018	2019	
TOTAL	2,987,534	2,781,661	(-7%)
N. Ireland	423,352	390,050	(-8%)
ROI	2,564,182	2,391,611	(-7%)

N. Ireland throughputs
back 33,302 head

TOTAL SHEEPMEAT PRODUCTION

67,415t (-3%)

HOGGETS*



+7%

* Average Weights for all sheep WK 1 – 27

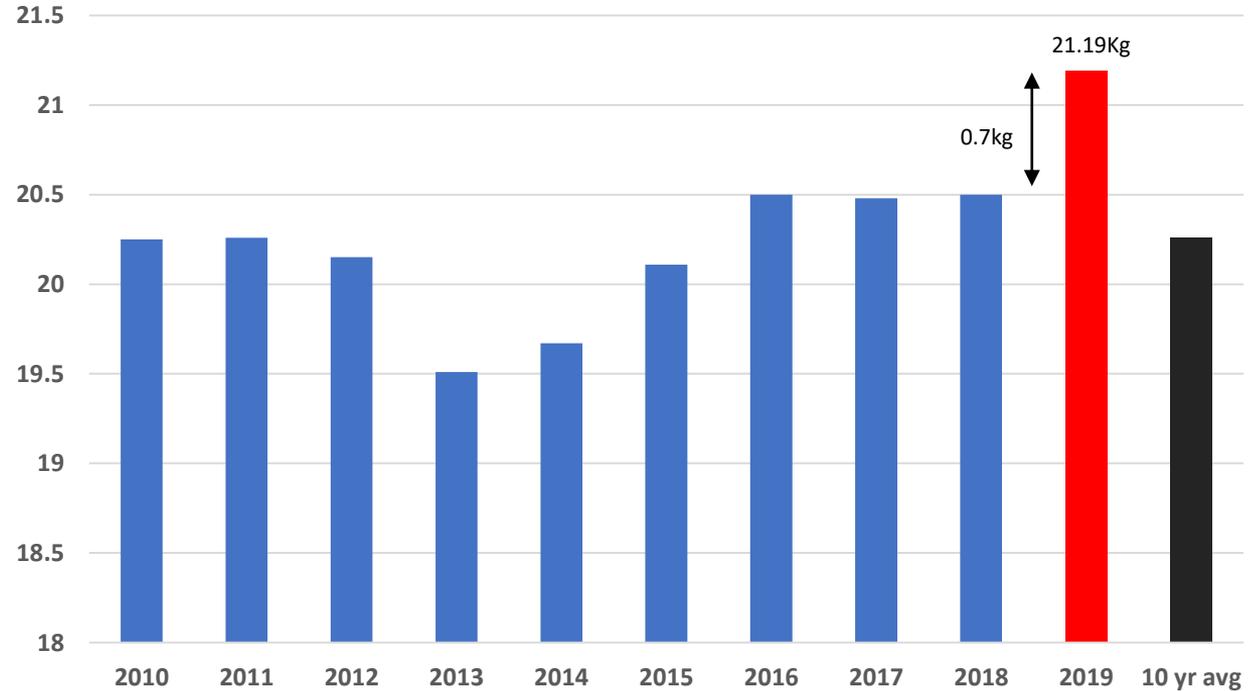
SPRING LAMBS**



+1%

** Average Weights for all sheep June – Dec (27 weeks)

Carcase Weights Reach a Ten Year High



Source: DAFM

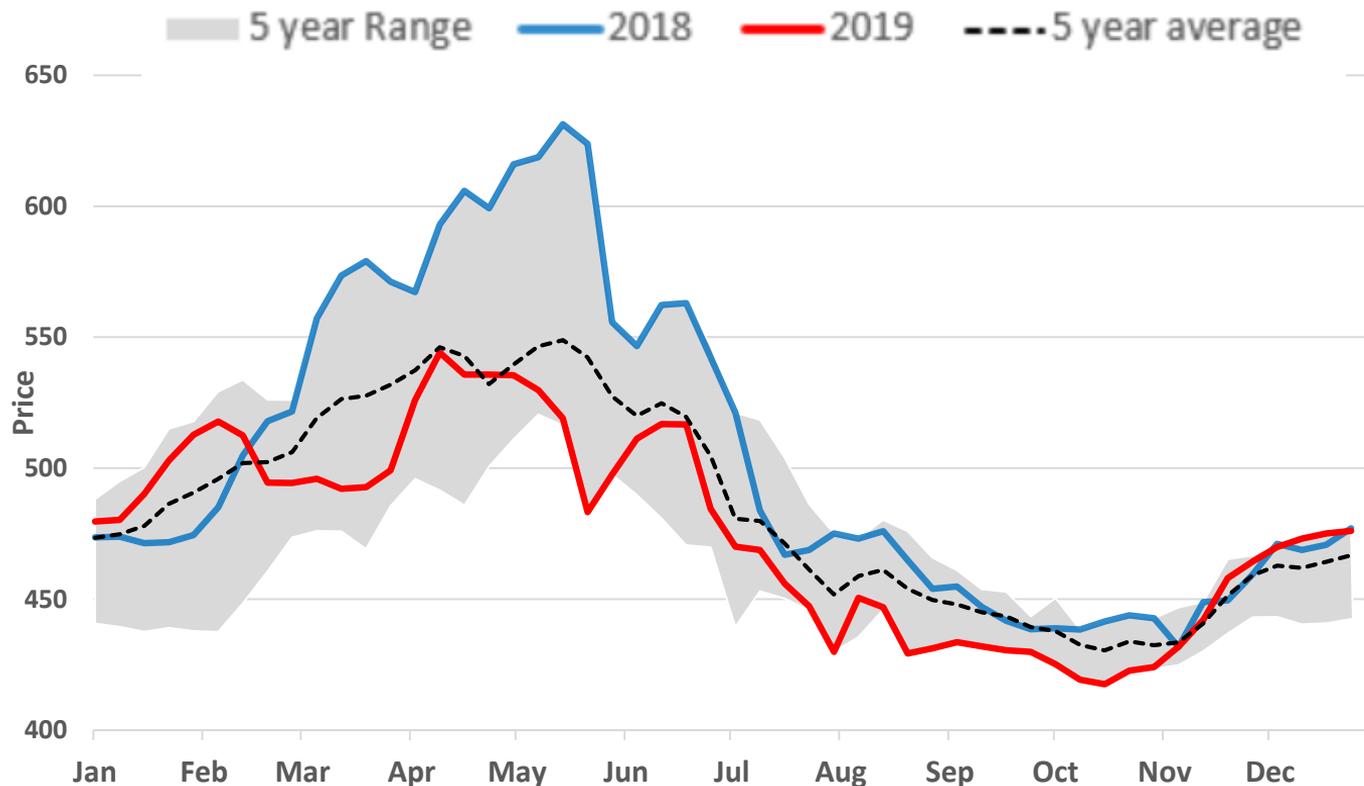
Average Sheep Prices (2019 v's '18)

2019 Average Price

Period: Jan – Dec

€4.76/kg

[-28c/kg on 2018]



Source: DAFM

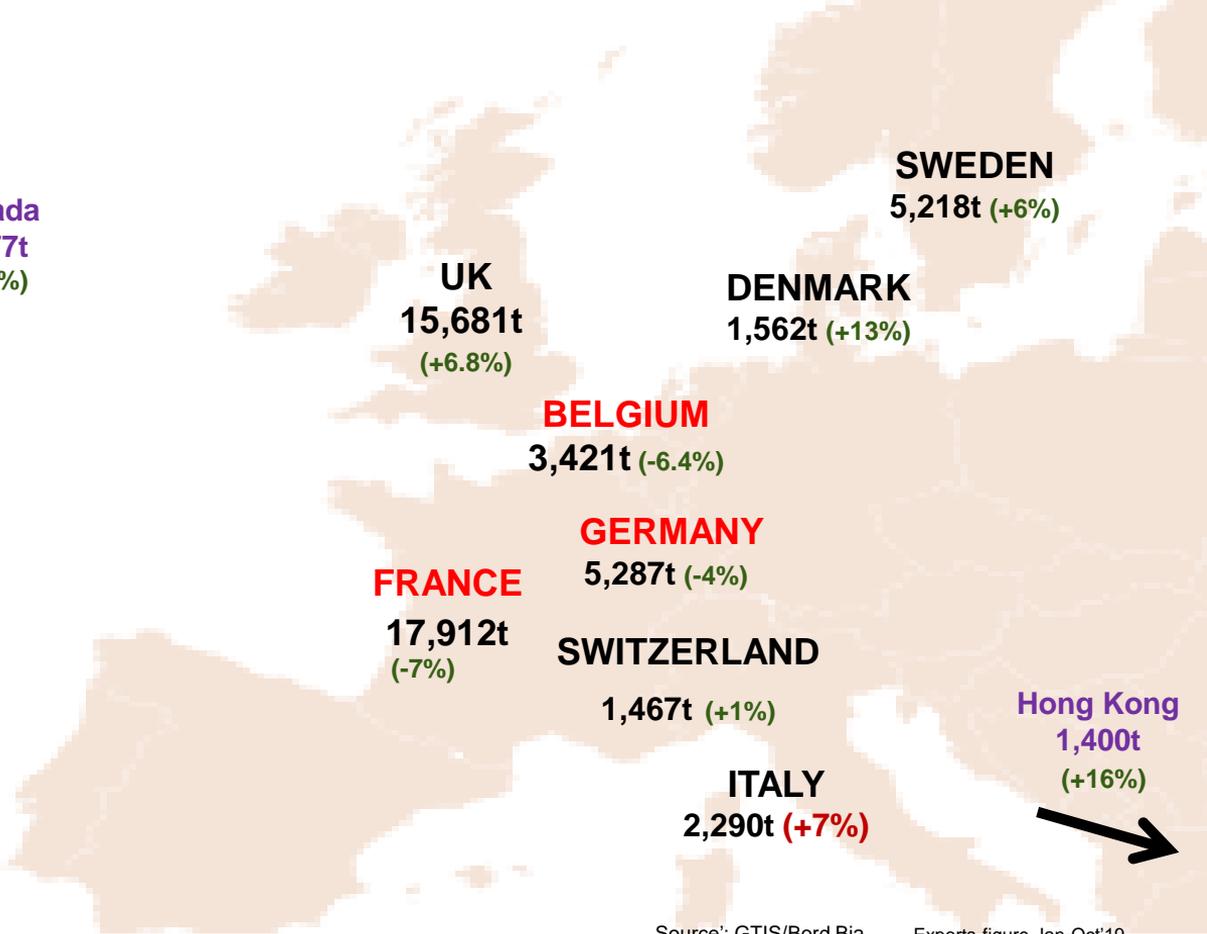
2019 Export Performance

VALUE:
€294m [-7%]

VOLUME:
54,809t [-3%]

DESTINATIONS:
+35 markets

Canada
1,177t
(+30%)



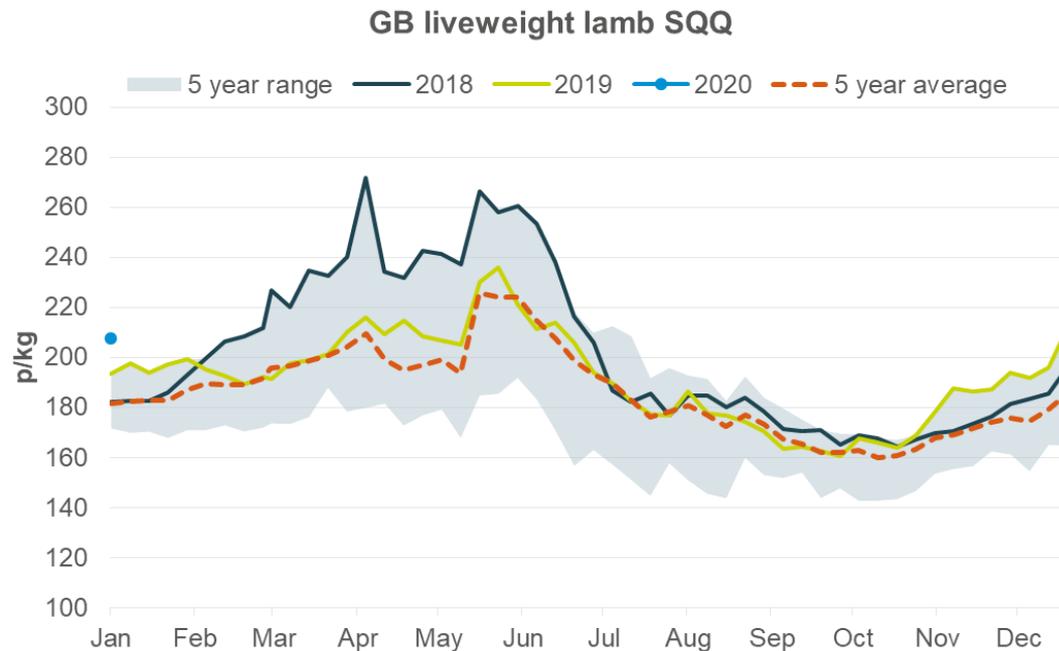
Source: GTIS/Bord Bia Exports figure Jan-Oct'19

6.89 million head

Lamb Throughputs (Jun – Nov)
(+ 189,000 Head / +3%)

16 million head

Breeding Flock
(-243,000 Head / -1.5%)

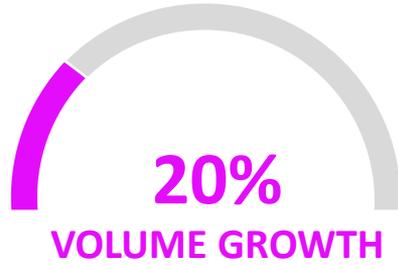


Source: AHDB/DEFRA

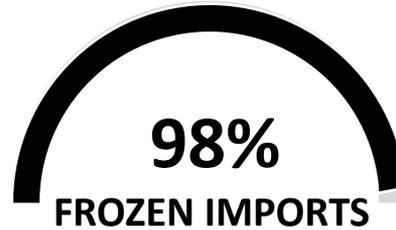
CHINA - a growing appetite for sheep meat



THE **SCALE** OF THE IMPORT OPPORTUNITIES ARE MAGNIFIED BY ITS **1.4 BILLION** CONSUMERS



FROM A BASE OF **66,000t** IN '09, IMPORTS HAVE GROW 20% PER ANNUM TO REACH **379,000t** IN '19



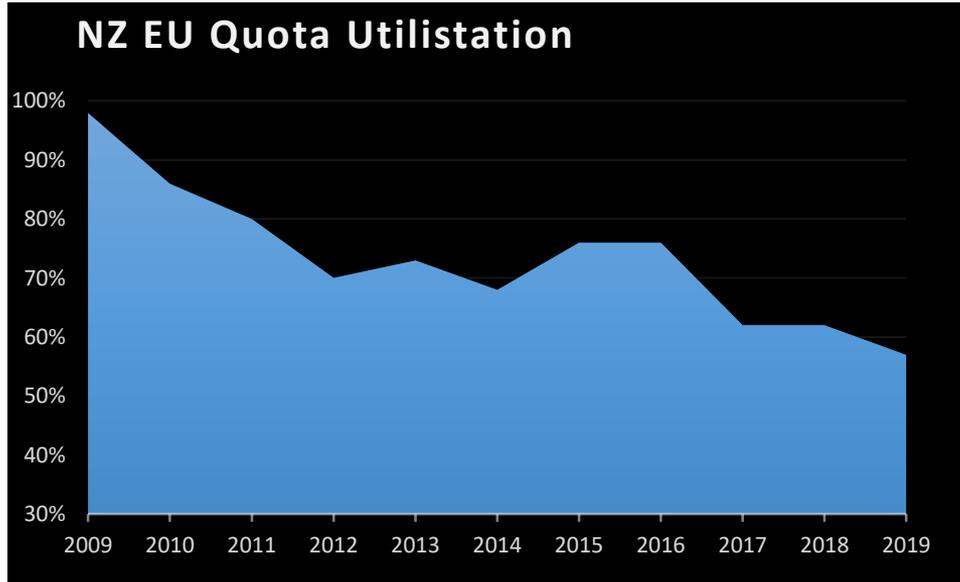
KEEPING MEAT AT A **COLD TEMPERATURE** REMAINS THE **GREATEST CHALLENGE** IN THE SUPPLY CHAIN MANAGEMENT



N. ZEALAND IS THE **#1** SUPPLIER AND HAS A COMPETITIVE EDGE WITH **ZERO TARIFFS** SINCE '16

Source: GIRA/GTIS/BLNZ/Bord Bia

NZ Shipments to the EU falls to a historic low



Tariff Rate Quota (TRQ)



2019 Summary

Annual Quota: 228,389t cwe

Quota Usage: 113,865t cwe

% Quota Used: 49.89%

Unused Quota: 114,524t cwe

Frozen 93,000t* (59%)

Chilled 36,000t* (39%)

Source: Bord Bia/GTIS

* Product weight

Growing demand for sheep meat in US



News

FARMERS WEEKLY - farmersweekly.co.nz - October 7, 2019 5



THINK: Methane and carbon dioxide targets could become primary industries and the national ability to provide well-being to citizens, the Meat Industry Association says in its annual report.

US leaps up sheep meat ladder

Alan Williams
alan.williams@fwdaily.co.nz

THE United States, which pays the lowest prices, has become New Zealand's second biggest sheep meat market.

Conversely, it is no longer NZ's biggest livestock customer, that honour now going to China.

The average value of sheep meat exports there in this year ended June 30 was \$17.79/kg, with total sales worth \$466 million on volume of 25,991 tonnes.

Year-on-year growth in the US market was 2.4% by value.

The US trade biggest customer China by a big margin but pays well over twice the amount for product, the Meat Industry Association says in its annual report.

China continues as the main market, taking 21% of exports by value at 262,863 and 30% of exports by volume, at \$1.28 billion.

Chinese imports increased 39% in value year-on-year with product prices at an average \$6.77/kg, just 50% of what the Americans pay.

And US imports of NZ beef fell 17% by value while China's imports jumped nearly 50%.

The US passed the United Kingdom as the second biggest market for sheep meat during the

year, exports there falling by 16% to 42,476, the lowest figure in a 12-month period and less than half the volume of exports there a decade ago, MIA said.

The value of exports fell by a smaller amount, 12% to \$417m, with an average price of \$9.72/kg.

Despite the fall the UK remains NZ's most important market for high-value chilled cuts at 28% of total chilled sheep meat exports for a value of \$227m.

Germany, \$282.5m, and the Netherlands, \$233.7m, are the next biggest individual country markets overall but down 10% and 22% respectively on a year earlier.

Beef has affected NZ sheep meat exports to both the UK and the rest of the European Union as part of an international trade environment that continues to be in flux, MIA chairman John Loughlin and chief executive Tim Ritchie said.

"We are still grappling with what Brexit will look like and how it might impact access."

The wider UK and EU remains very important to the NZ sheep industry with France, \$166.6m fell 17% by value while China's imports jumped nearly 50%.

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“These targets are contrary to science-based policy and not credible given the short-lived nature of methane.”

John Loughlin
Meat Industry Association

Despite these issues growth in China and the US mean there offset UK/EU weakness so total sheep meat exports shed just a 1% gain to just under 600,000 year-on-year.

The industry here is determined to finalise Chinese approvals for all NZ meat categories as the Government pushes ahead with the Zero Carbon Bill.

Most of the legislation in question comes from the Government's carbon emissions plan. No tangible progress has

been made since 10 plants owned by six companies were registered more than two years ago.

"This continues to cause frustration and an unhelpful playing field for member companies as not all are able to take advantage of the opportunities in the market."

There are other unresolved issues including access for processed meat products, pet food and raw material for further processing.

Beef exports to China rose 79% to 171,173, and it overtook the US as the biggest market.

By value it took to \$1.2b of product, an 80% lift, with the US down 17% at \$1.046b. The volume in the US rose the lowest since 2000-11.

China also became the biggest market for chilled beef, at 7070t from just a small number of plants approved for chilled exports, highlighting the importance of widening access for NZ plants, Loughlin and Ritchie said.

They single out climate change as the major challenge for the meat industry as the Government pushes ahead with the Zero Carbon Bill.

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46%+
Growth in Sheep Meat Imports since 2013

36%
Self Sufficiency

2018 Sheep Meat Imports
124,873 tones

Market Share
Australia 78%
New Zealand 20%

2020 Market Outlook



Greater carry over of hogget (+ 60k – 100k) | Reduction in breeding flock



Reduced carry over of hoggets | Outcome of Brexit negotiations



Renewed focus on live exports +36% in '19 | Continued decline in breeding flock



NZ lamb crop back 5.7% to 22.7m | Key concerns EU Quota split UK | EU 27



All year round demand | focus on low & high value cuts | Market Access



AUS drought impacting on flock rebuilding | Ambition to grow EU quota of 19,000t

Thank You

