Export Trade Developments and Opportunities

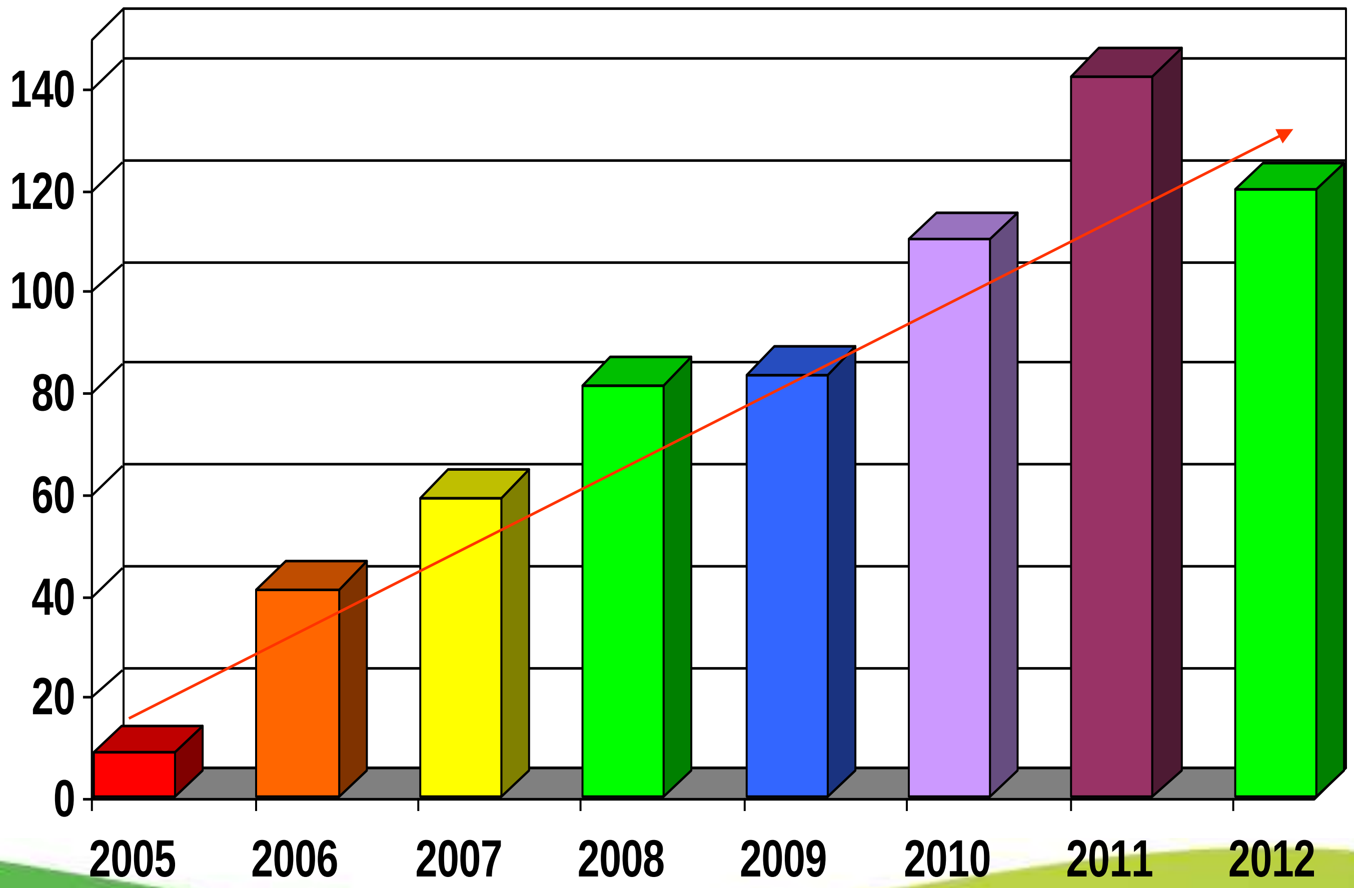
Peter Hardwick

Overview

- Current export developments
- Future opportunities
- Market Access challenges

UK Beef Exports

'000 tonnes

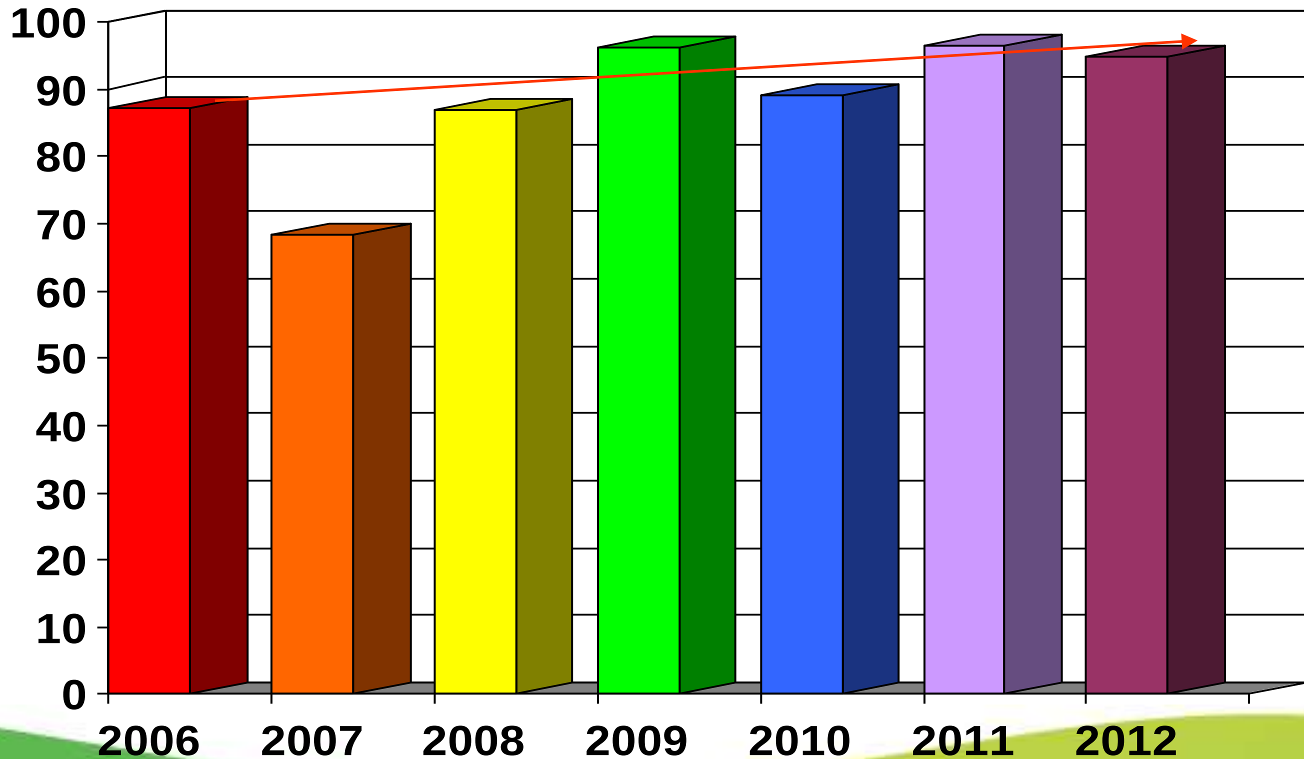


- 1995 – 246,000 MT – all time high with prime beef to Italy, France, Benelux & Cow beef to France
- DBES ends 3 May 2006
- + 30% in 2011 vs 2010 to 143,000 MT
- 120,000 MT in 2012 – tighter supplies and firm UK prices

Source: AHDB

UK Sheep Meat Exports

'000 tonnes

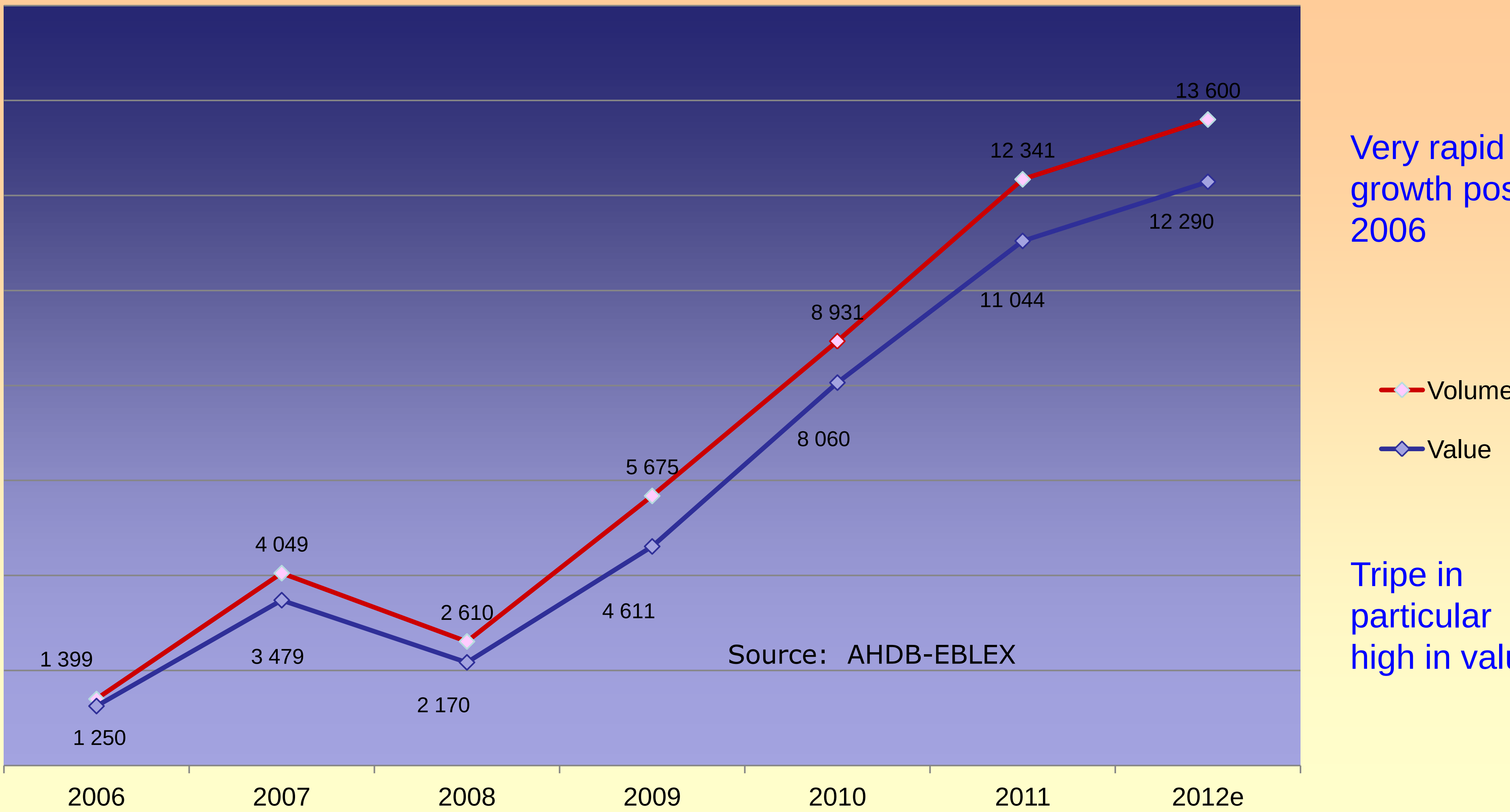


- Export tonnage -1.8% in 2012
- Still relatively stable in tougher conditions - notably France
- Increasing to 36% of production from 25% in 2006
- Rise in exports of cuts – 28% of exports
- 3rd country exports +110% in 2012

Source: AHDB

Beef 5th quarter

UK exports of red bovine offal (000s t., £ 000s)

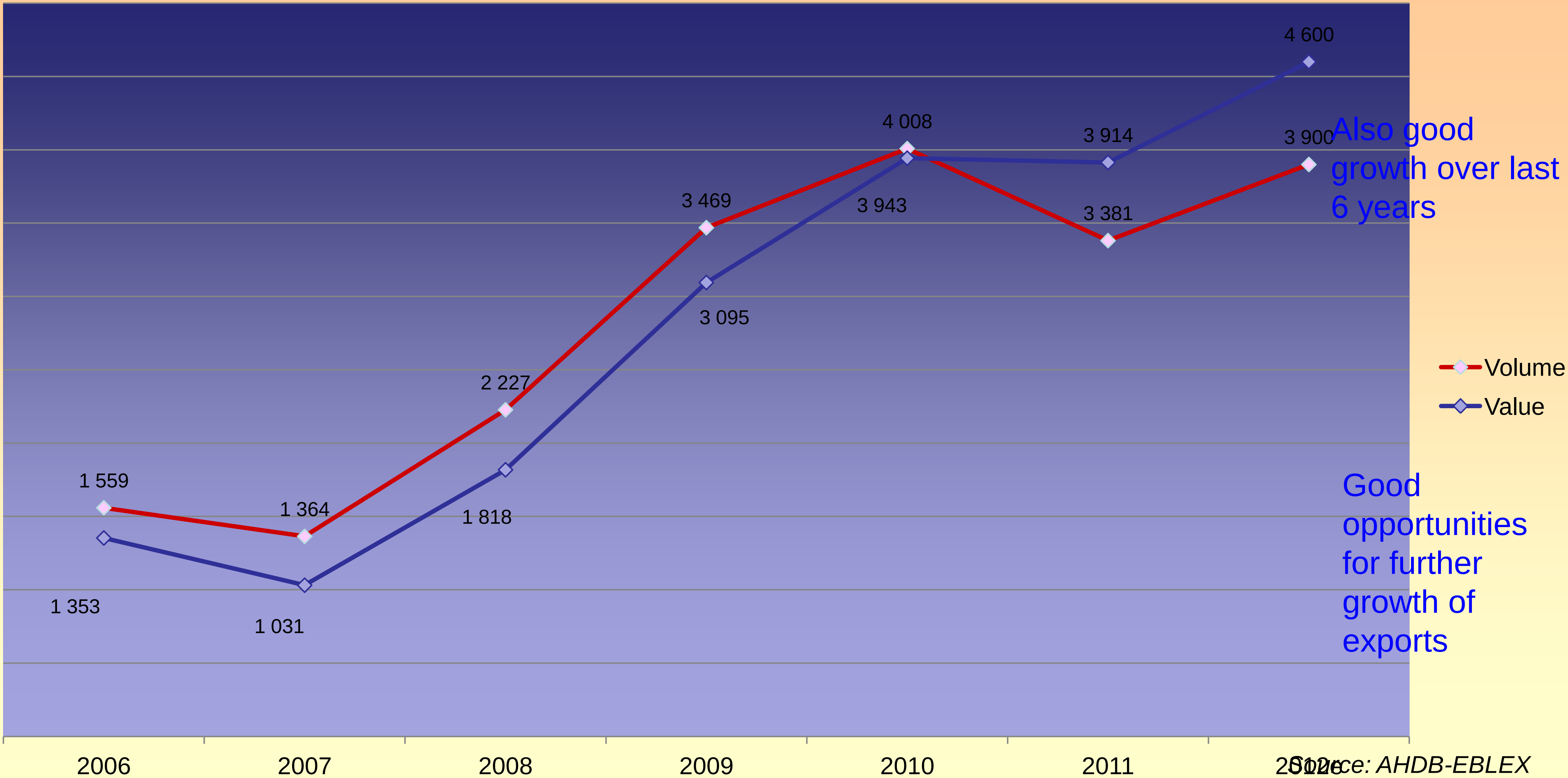


Very rapid growth post 2006

Tripe in particular high in value

Sheep Meat 5th quarter

UK exports of red ovine offal (000s t., £ 000s)

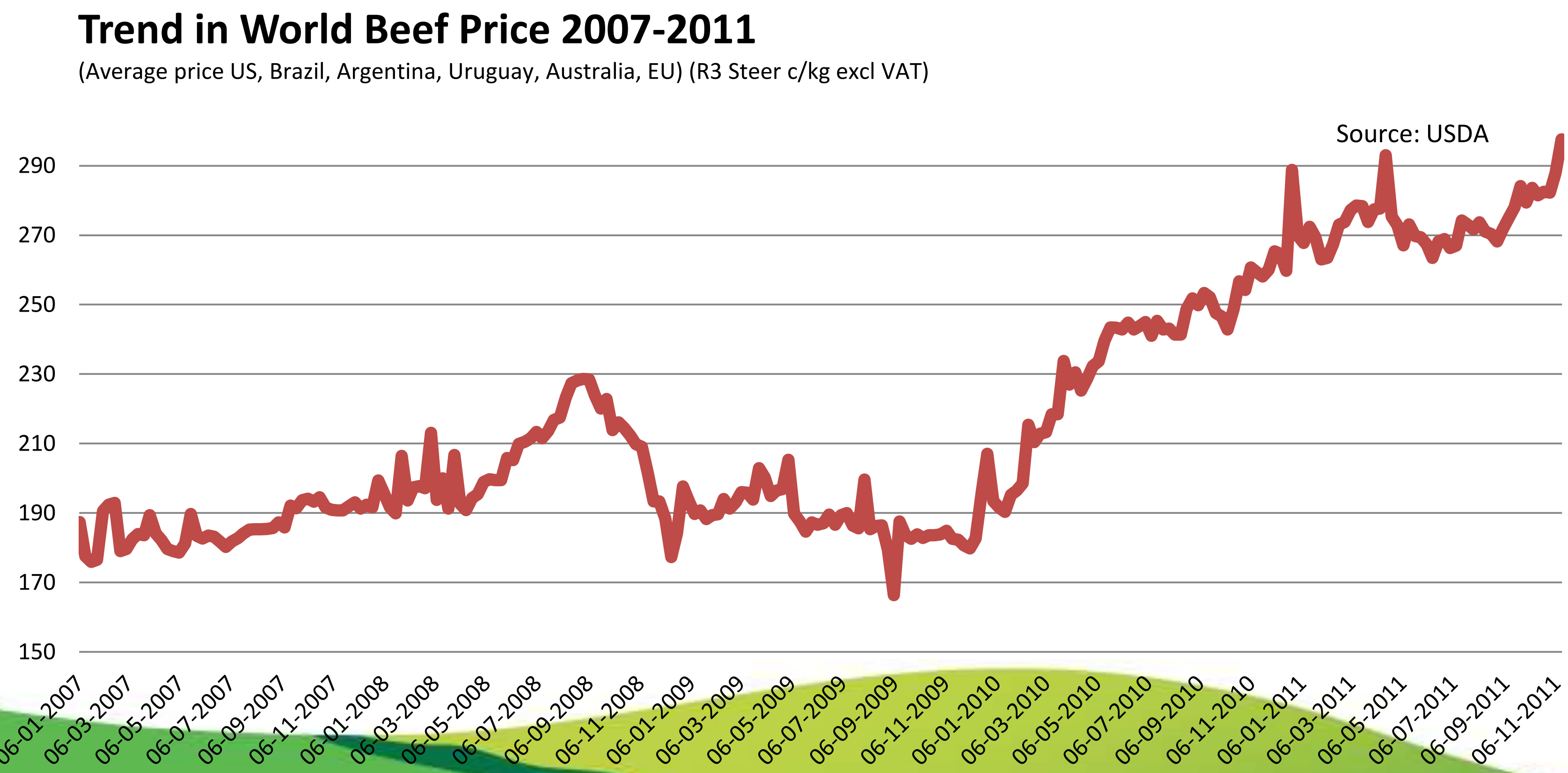


Also good growth over last 6 years

Good opportunities for further growth of exports

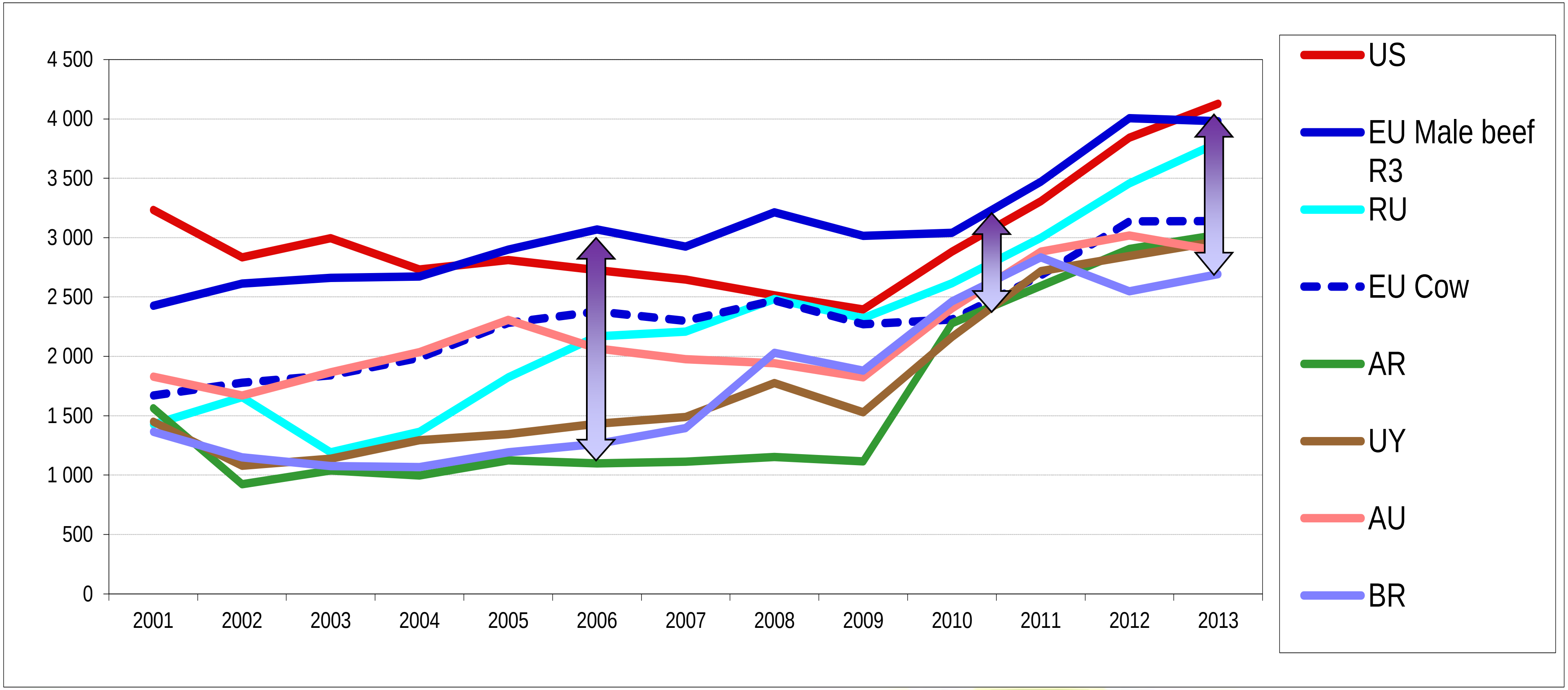
Source: AHDB-EBLEX

Rising trend in beef prices driven by demand



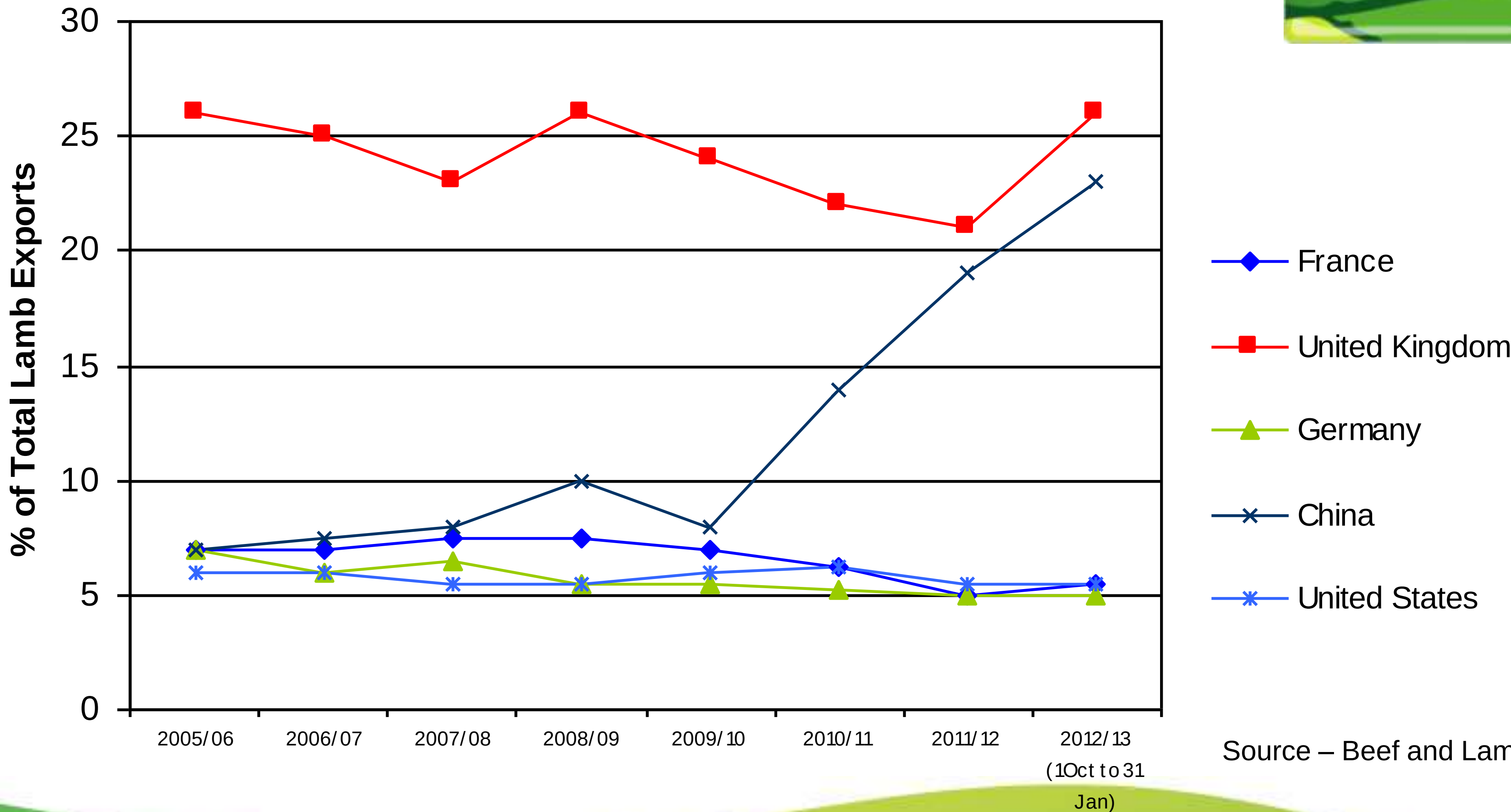
Rising, narrowing prices

Figure SYN-BF 10a Cattle Producer Prices, 2001-2013 (current EUR-ECU/t cwe)



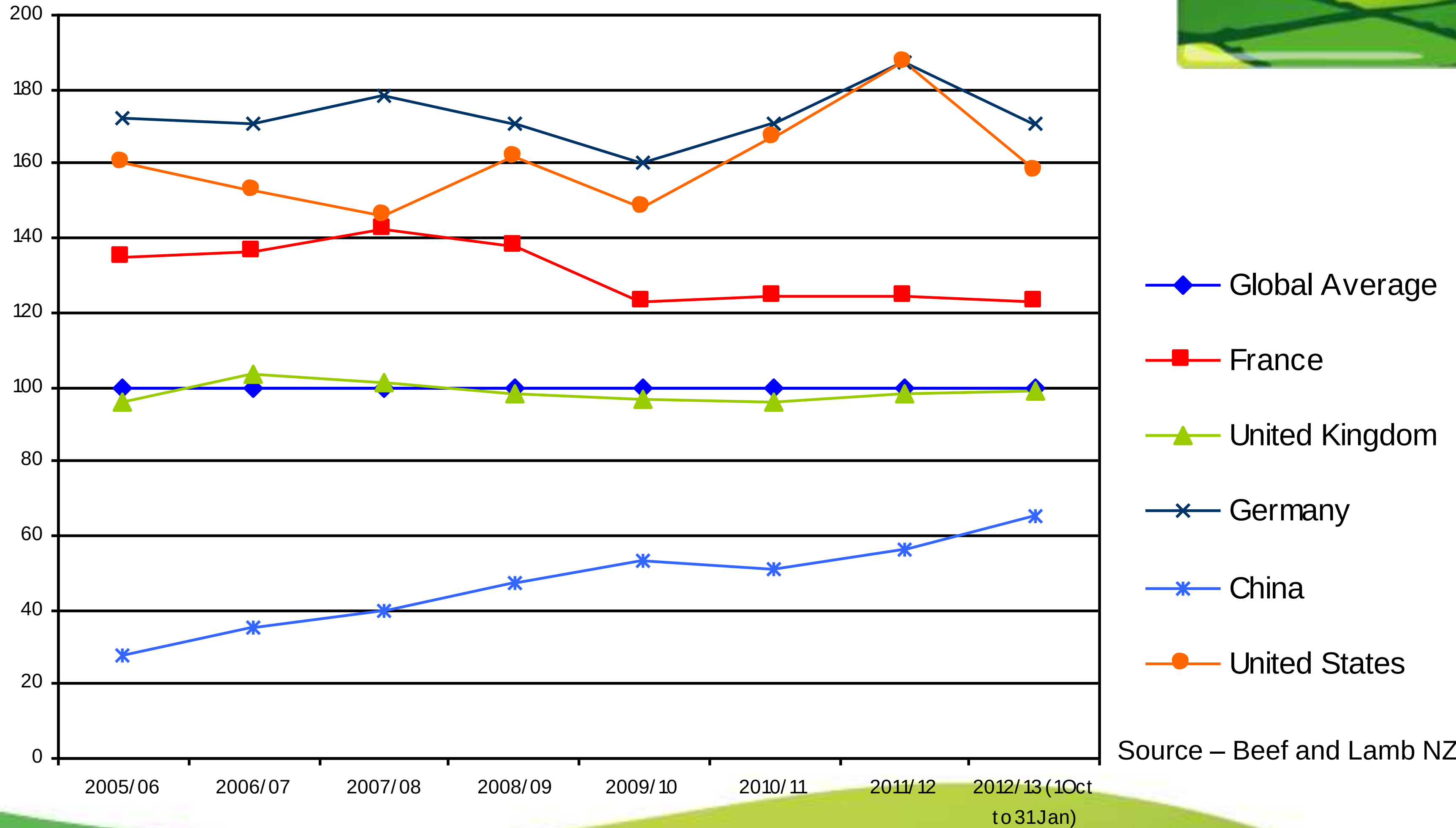
Source - GIRA

Key NZ Lamb Markets by Volume



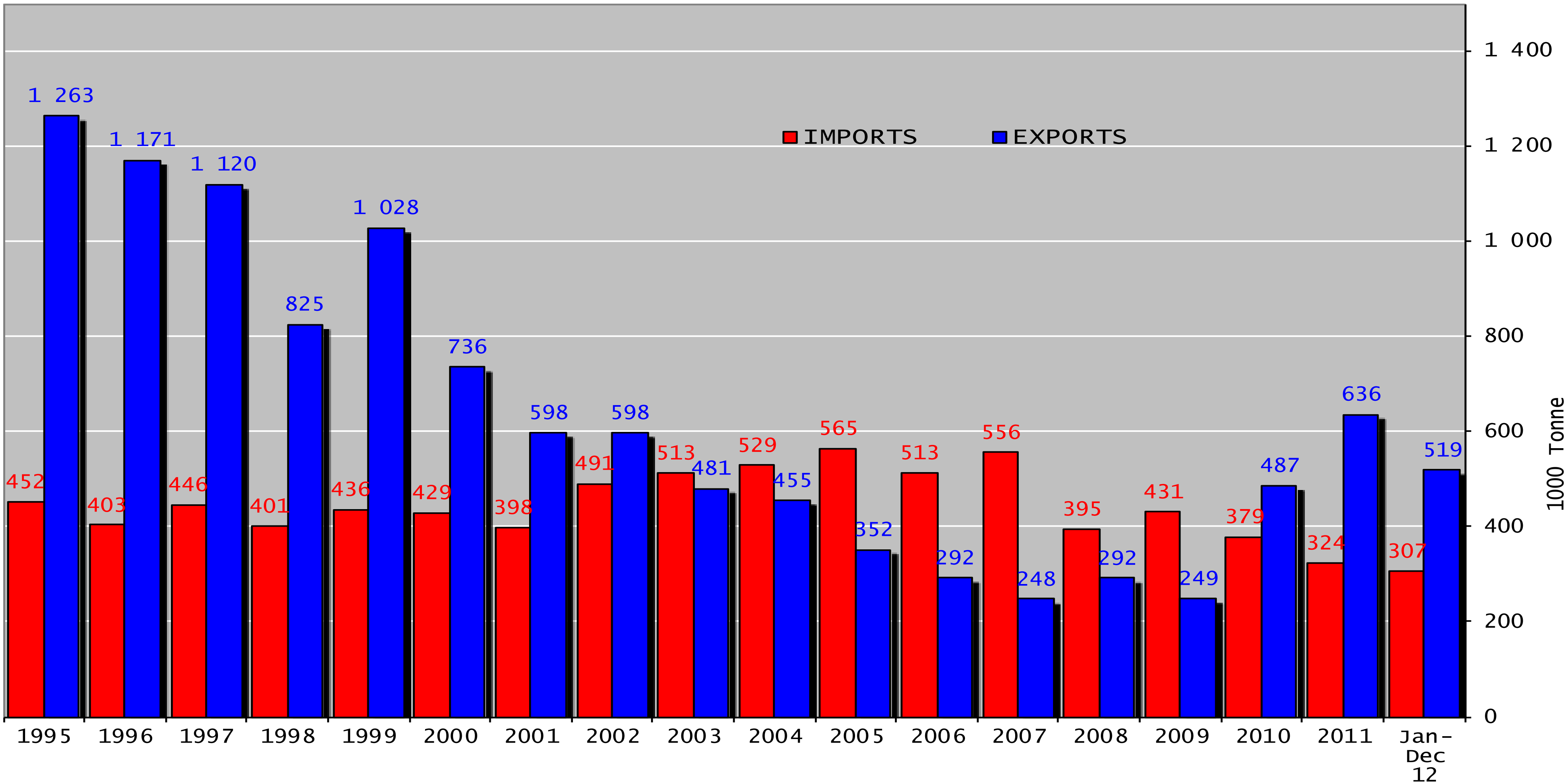
Source – Beef and Lamb NZ

Sheep meat FOB Values as a % of Global Average



Source – Beef and Lamb NZ

EU Trade balance on beef and live animals

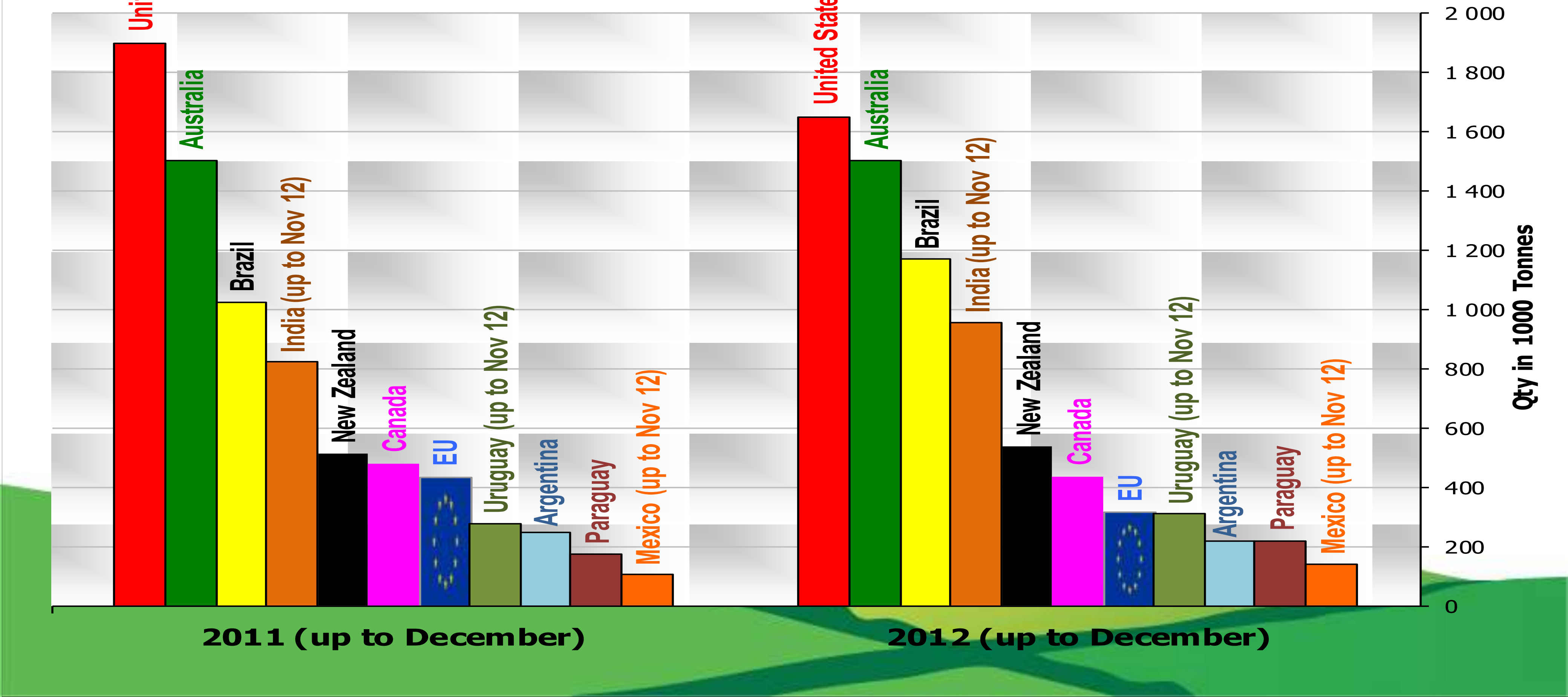


Source: EU Commission

Source : GTA

* Excluding live animals (0102), fats, preparations of several types of meat (0209, 0210 99 and 1602 90)

Main Exporters of BEEF Products (up to December)



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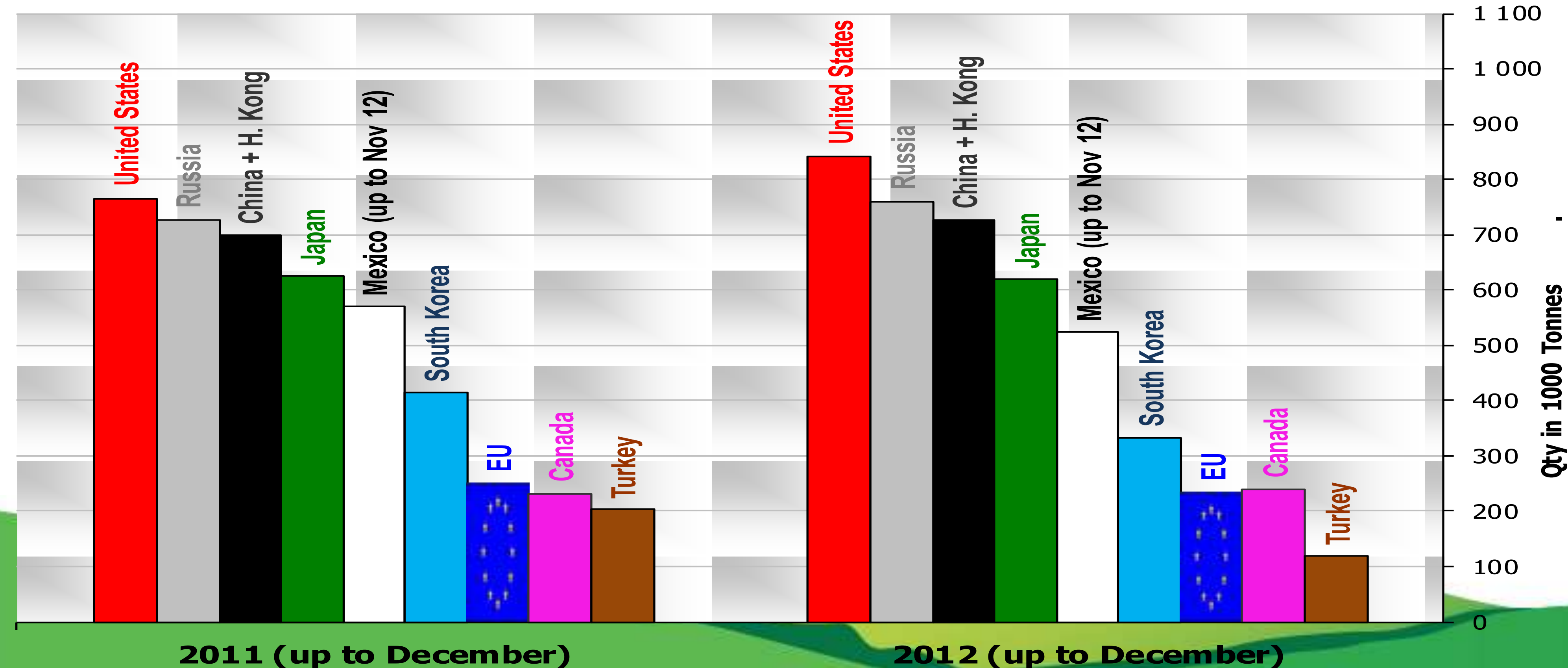
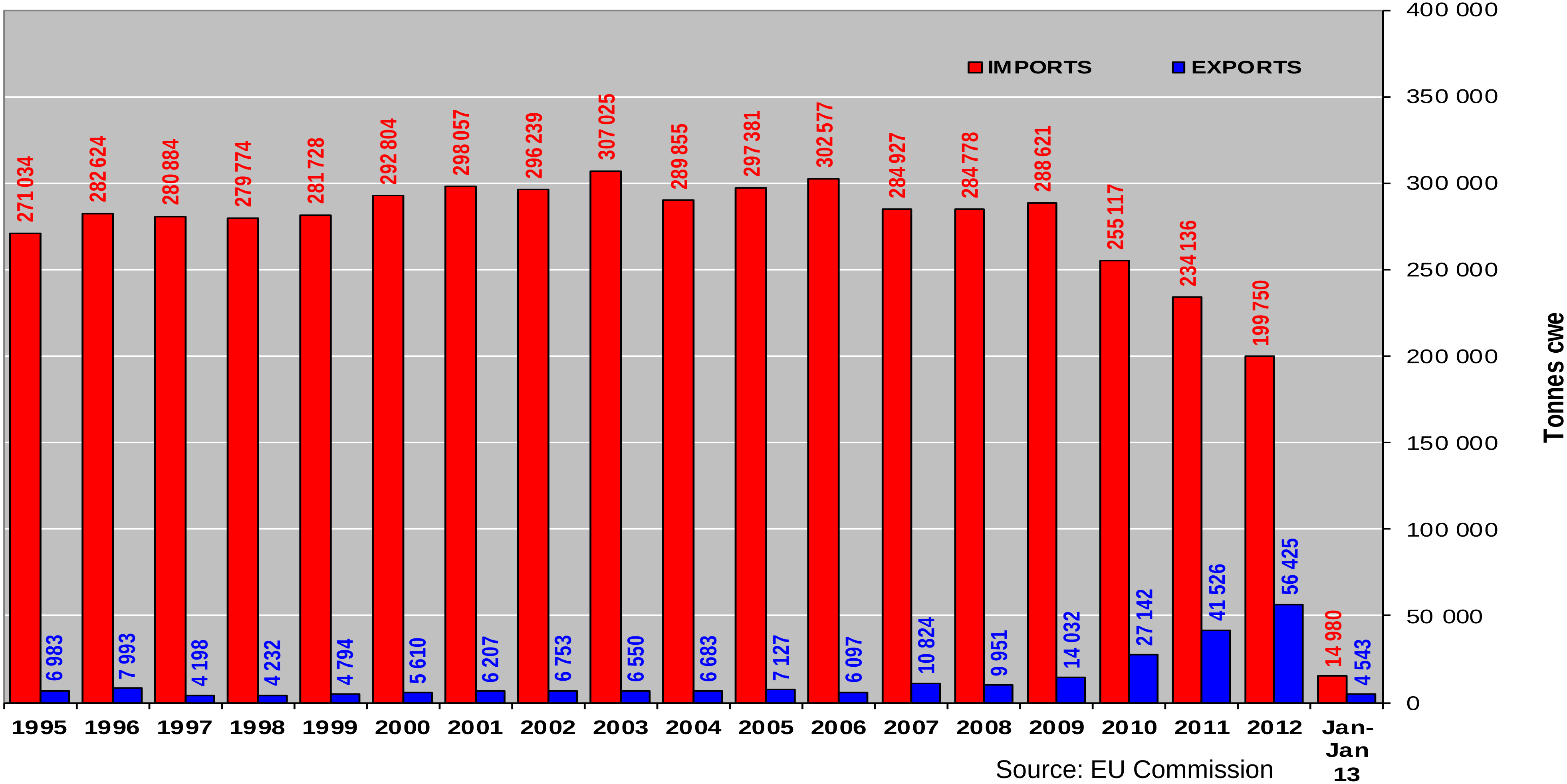
Main Importers of BEEF Products (up to December)



EU Trade balance on sheep meat



Source: EU Commission

Consumption shifts

- Stable to falling consumption in developed countries including US
- Growing middle class in developing countries
- Demand pressure from rising population combined with rising income especially in BRIC countries
- Some signs of change in ratio of beef (and sheepmeat?) to pork in China
- Demand likely to continue outstrip supply globally

Opportunities for Beef

Premiumisation

- UK Beef prices well above the EU average, the highest in many cases (up to €c 104.5 /kg more than Irish price in December 2012)– likely to continue
- Due to this and limited supplies, we are no longer a ‘high’ volume exporter of cuts and prime beef carcases
- Not a major issue for an undersupplied market provided we provide a premium offer and consistent quality
- Future strategy will look to develop this further
- Captialising on high quality image

Differentiation and premiumisation in retail

- Brands can carry product values
- Brands are a source of attractive stories
- Brand is the link between the product and the consumer
- Possible with Continental retailers

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…and foodservice

- ✓Premium concepts
- ✓Large number of origins and cuts
- ✓Dry ageing
- ✓Ambiance…
- ✓Even shop in restaurant
- ✓Experience rather than eating out

Da Vinci, Athens

The Meatery, Hamburg

Relais de Venise, Paris

Opportunities for Lamb

- Falling production in the EU, particularly Spain.
- Despite the recent uplift, New Zealand lamb exports to the EU still down on a historical basis
- Lamb consumption in Northern Europe increasing
- Growing demand in Germany, Belgium, the Netherlands, Denmark for high quality chilled lamb
- France still key to stability – Agneau Presto
- UK sheep meat production represents nearly 40% of *commercialised* EU production; strong strategic position.

The French market

- 60% of UK exports
- Weak demand
- Falling consumption
- Collaborative marketing

Market Access

- 50+ non-EU markets open but limited access to major markets
- Major opportunities for beef and sheep meat – 5th quarter
- Complex and lengthy, resource hungry process - no ‘one size fits all’ solution
- Russia – not quite there
- China – a key market and work has started
- Need support and commitment of Government

2013 and beyond

- Opportunities to UK to develop beef and lamb exports due to EU and worldwide demand.
- EU still our main high value market– focus on ‘premiumisation’ for beef (and lamb)
- France will continue to be central to lamb exports but share of other EU markets growing
- Non-EU markets developing – for 5th quarter but also for higher value products
- Positive outlook in terms of demand – but volatility will not disappear!


British B
f Showcase
In H
g Kong