

The competitiveness of Irish beef production in the global context

Global Forum, *agri benchmark* Beef and Sheep Conference 2018

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Galway
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Beef and Sheep Conference 2018

Content

The network behind

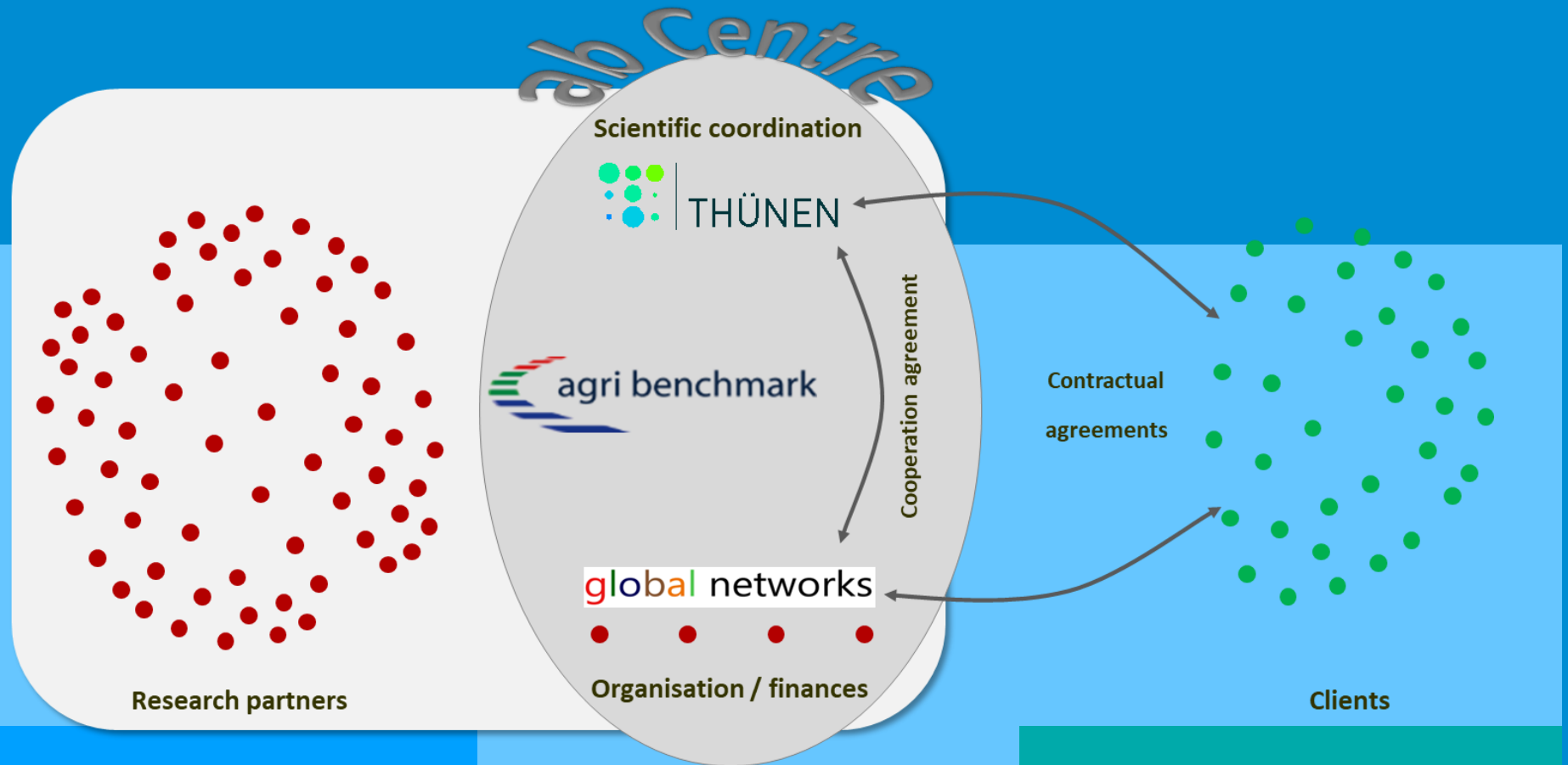
Market shares

Cow-calf results

Finishing results

Conclusions

The network behind

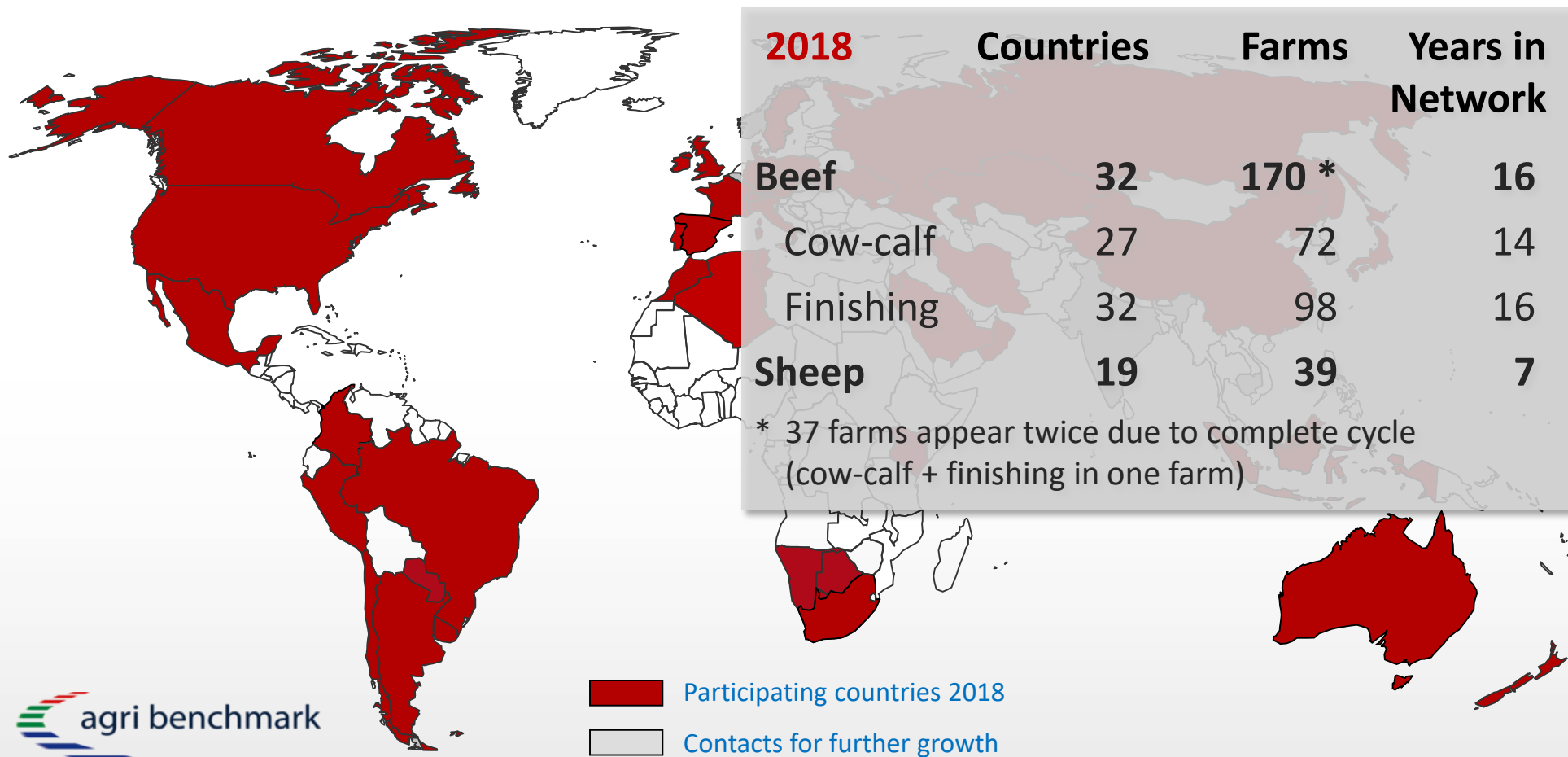


agri benchmark – understanding agriculture worldwide



- **Our core competence:**
Production systems and their economics, drivers and perspectives
- **An expert network which started in 2002 >>> more than just data**
- **Global, non-profit, independent >>> credibility**
- **Standardised methods >>> global comparability**

Countries in the Beef and Sheep Network 2018

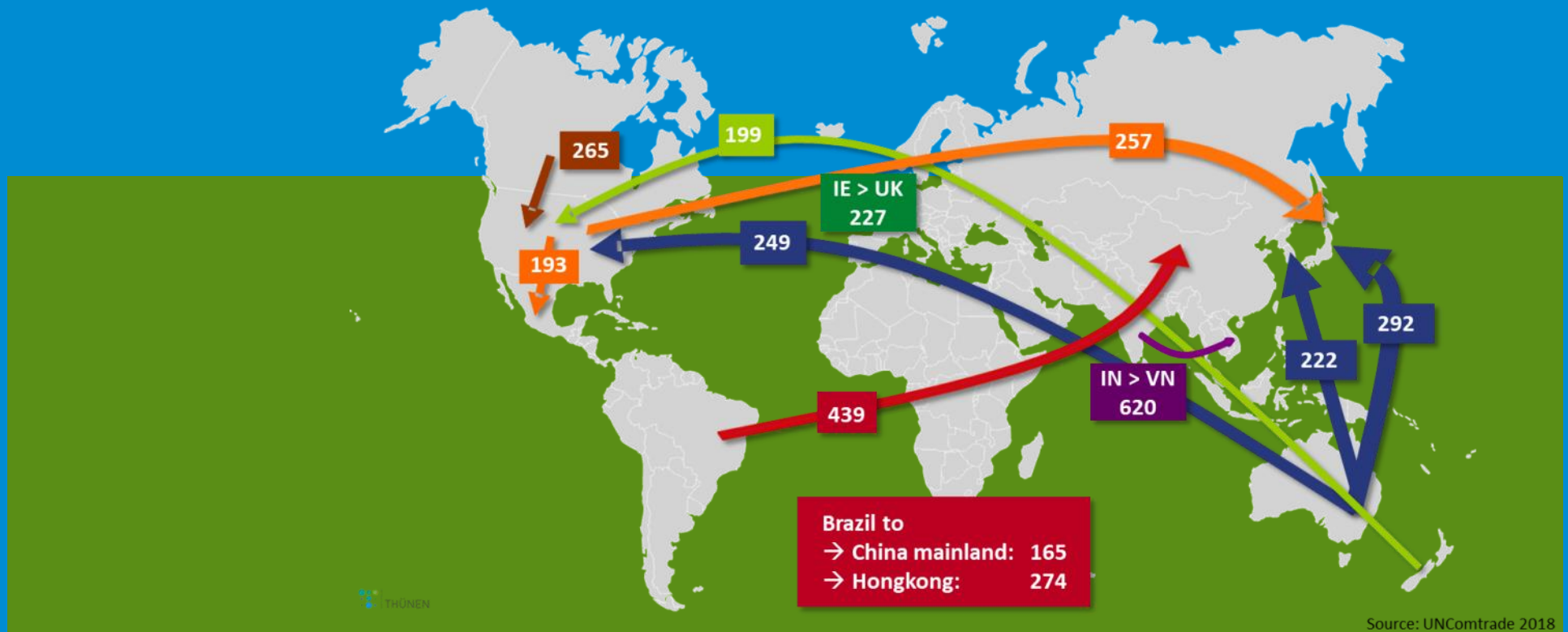


agri benchmark is unique.

- Production systems approach
>>> more than financial data; reasons behind differences of economic results
- Partnership approach through networking
>>> access local expertise and overcome language issues
- Cooperation with producers and advisors
>>> get the story behind the data
- Global coverage
>>> big players and emerging economies
- Using standardised methods world-wide
>>> global comparability
- Works in countries without / with limited statistics and accounting
>>> generate data that nobody else has



Market shares



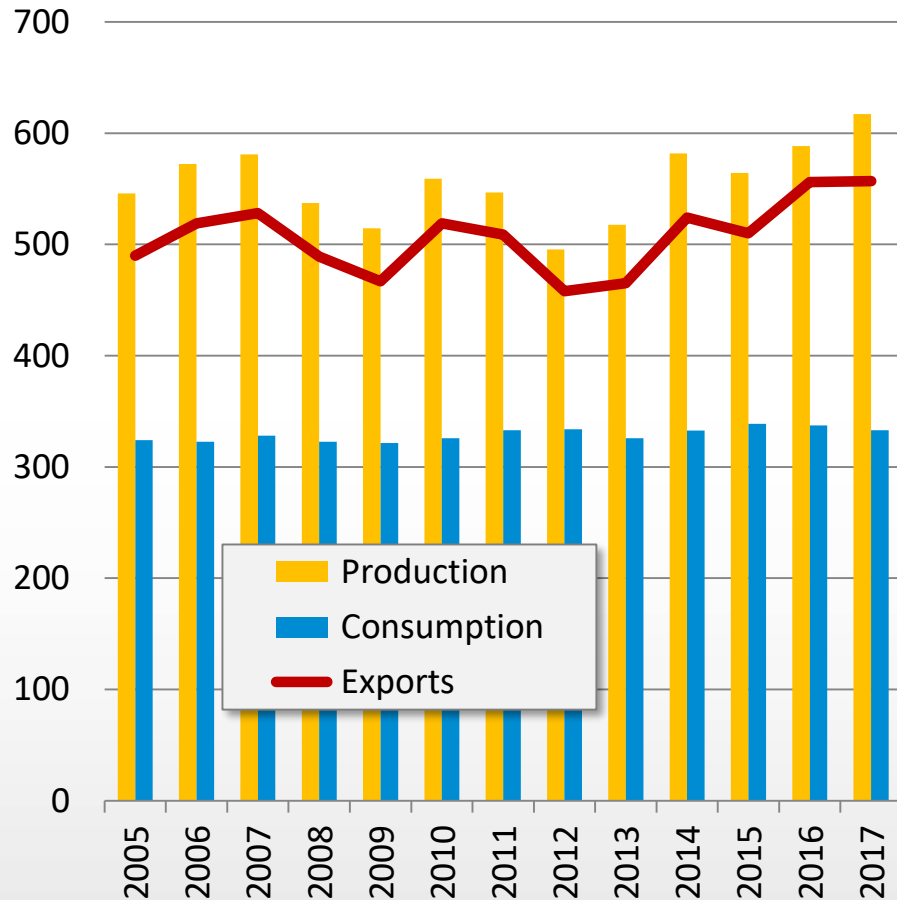
Rank of Ireland in the world and in the EU, 2016

	Beef World	Beef EU	Sheep World	Sheep EU
Production (tonnes)	22	6	32	5
Meat exports (tonnes)	7	2	4	2
Live animal exports (head/tonnes)	24	14	21	10
Meat imports (tonnes)	22	15	33	10
Live animal imports (head/tonnes)	79	20	28	12

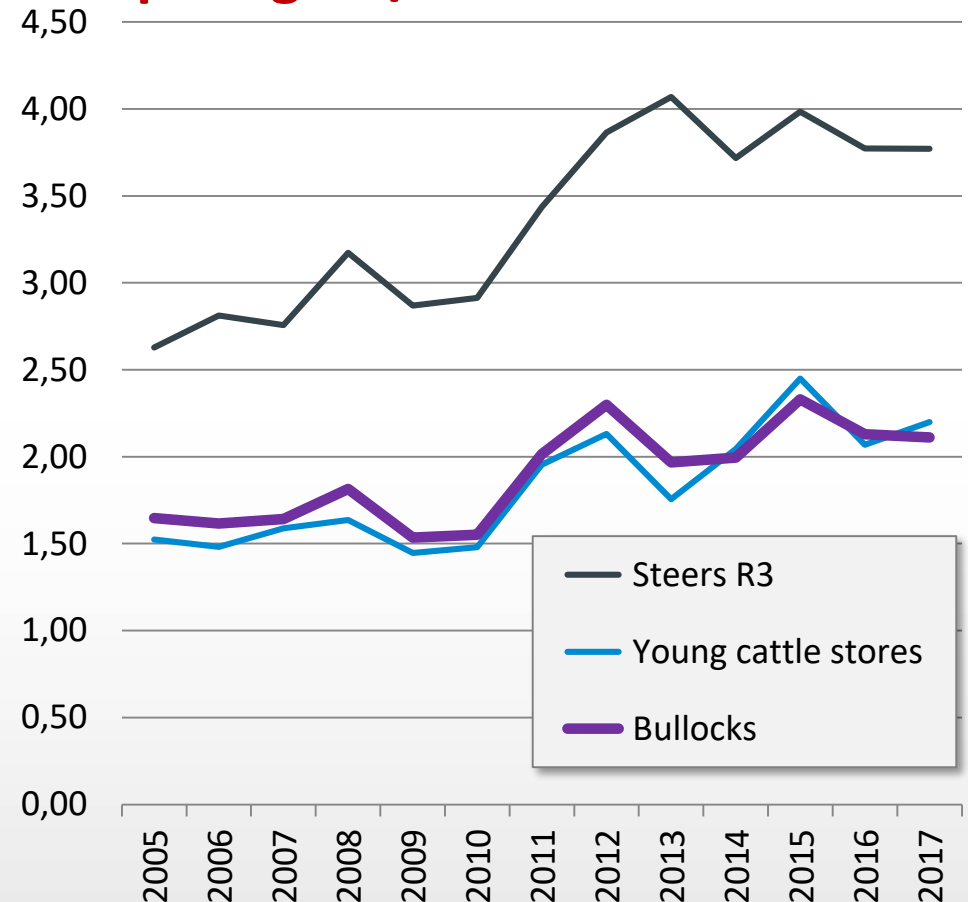
Source: FAOStat 03/2018, UNComtrade 09/17

Production, consumption, exports and prices of beef in Ireland 2005-2017

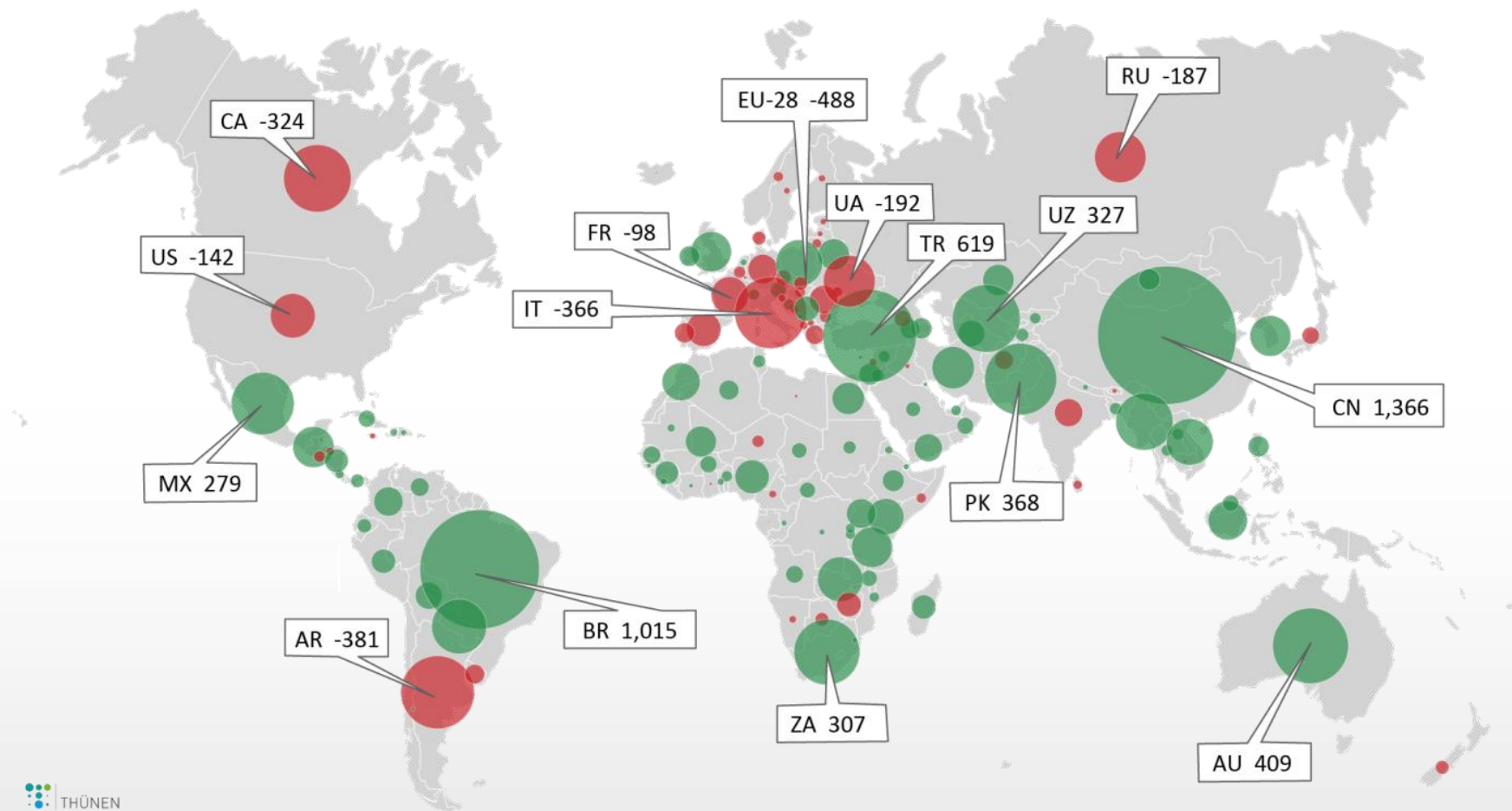
'000 t



EUR per kg cw/lw

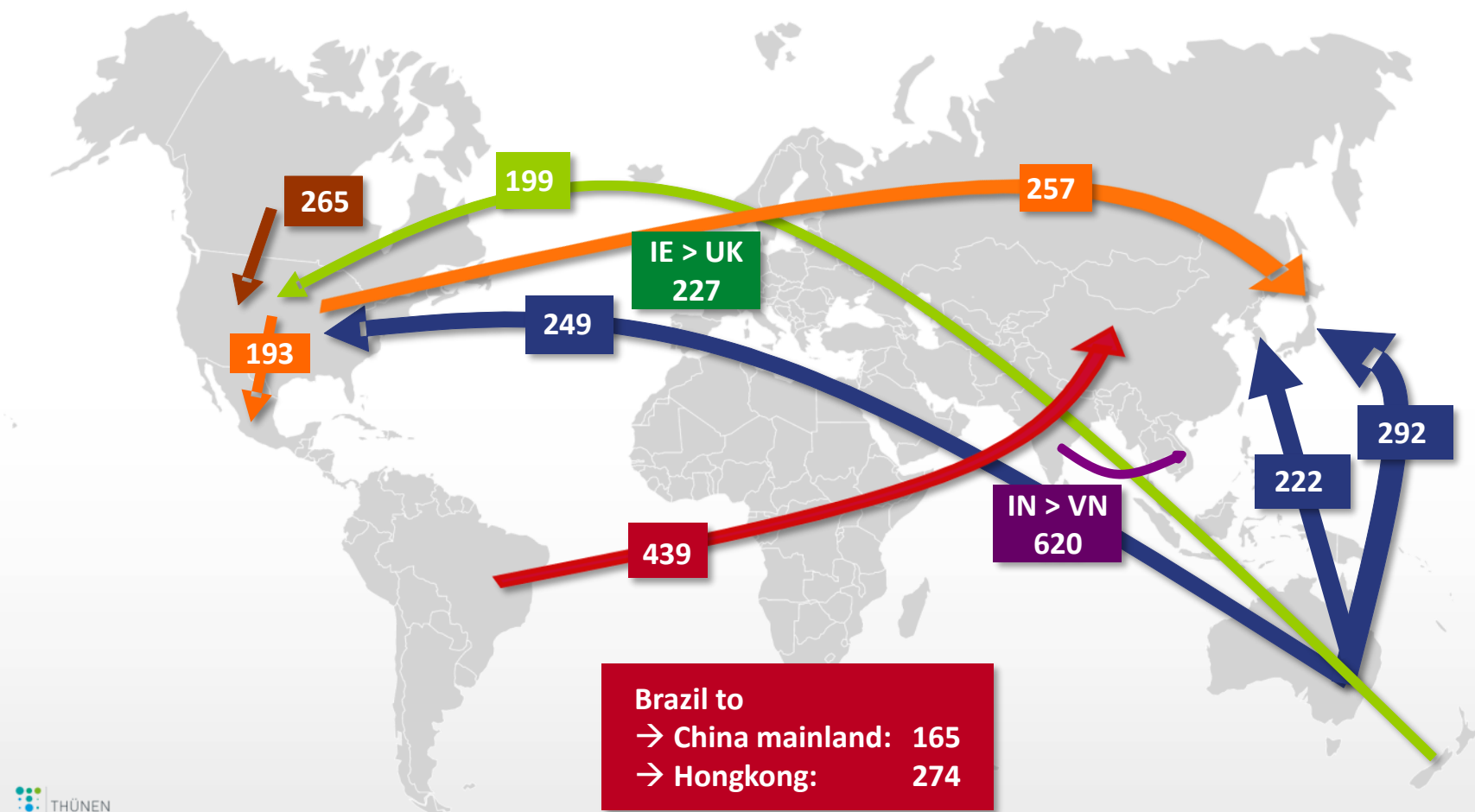


Absolute change in global cattle meat production (1,000 tons) 2014 - 2016 vs. 2004 - 2006



Source: FAOStat 12/2018, own calculations, Serbia and Montenegro = -106

Top 10 beef trade flows 2016 ('000 t)

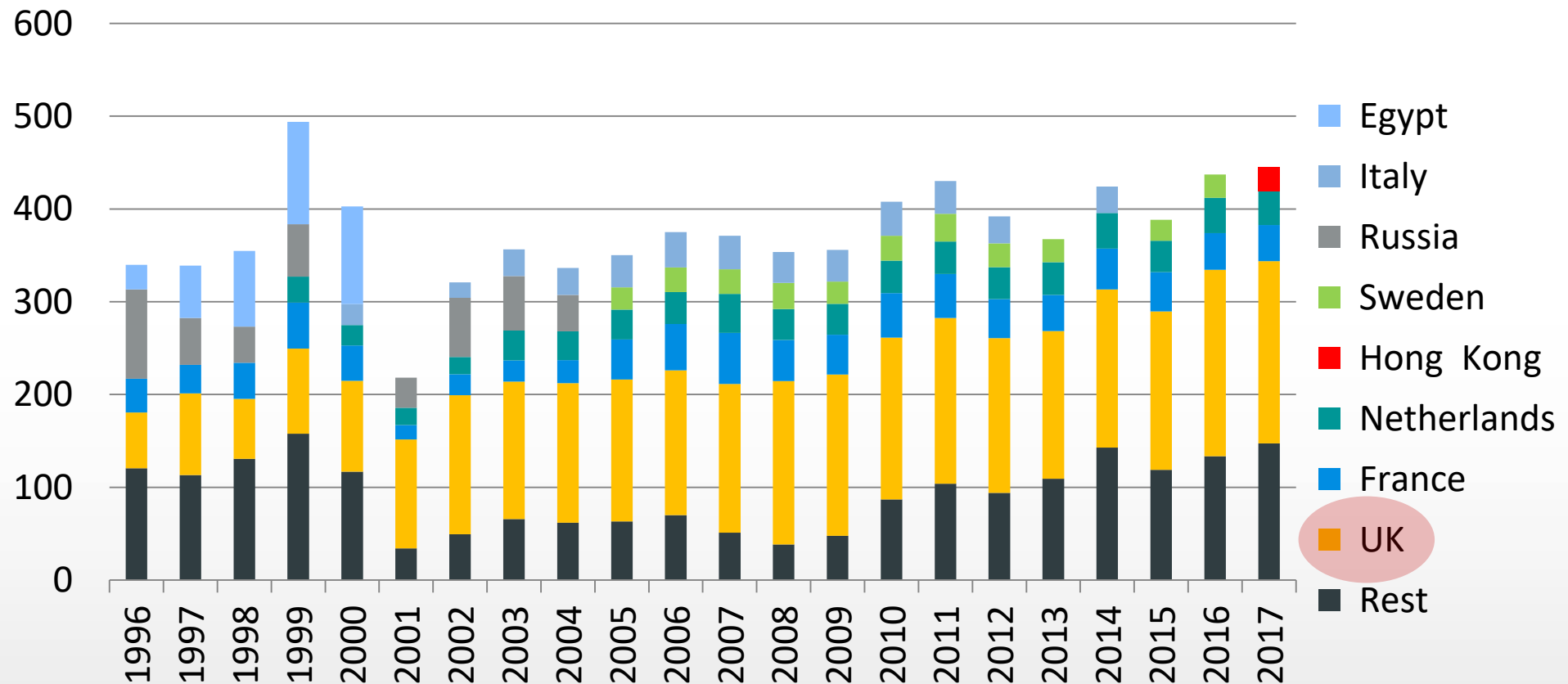


Source: UNComtrade 2018

Top 10 Irish export destinations 1996-2017

- high dependence on UK and EU, China new

'000 t

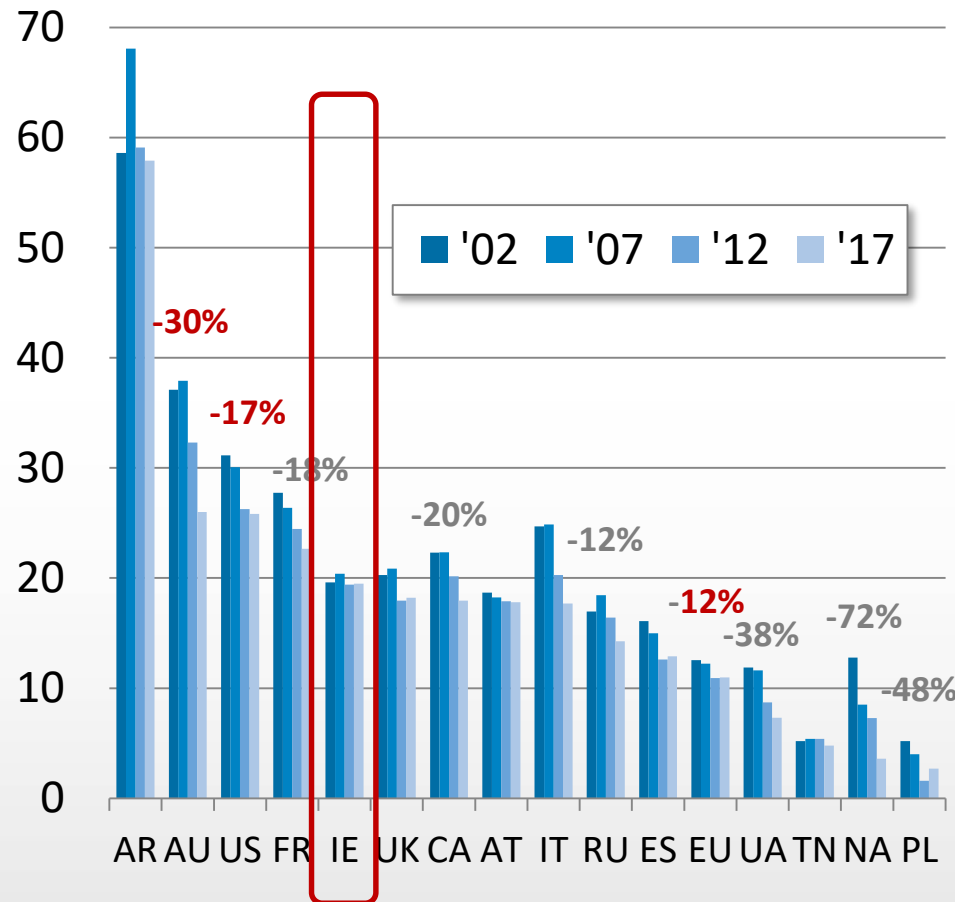


Source: UNComtrade 2018

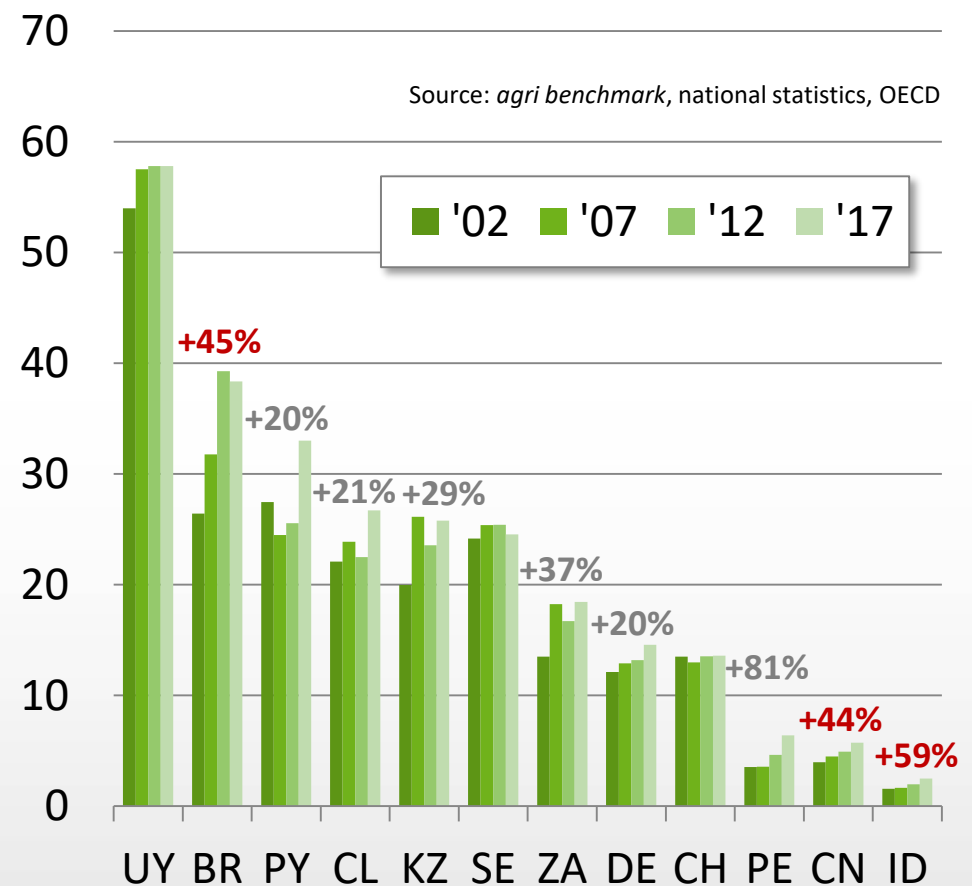
Change of per capita consumption of beef

2002 – 2007 – 2012 – 2017 (kg per capita and year)

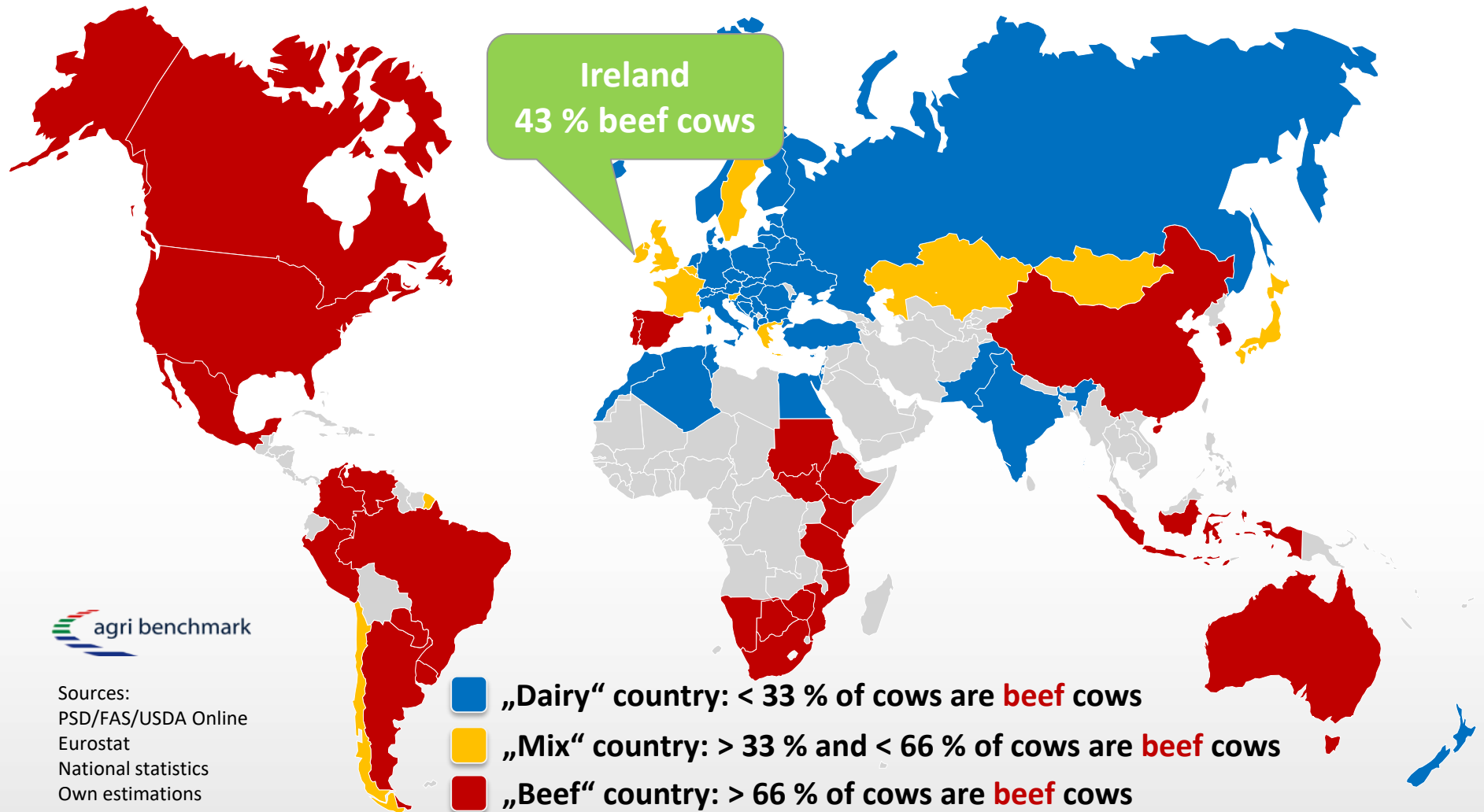
Decrease 2017 vs. 2002



Increase 2017 vs. 2002

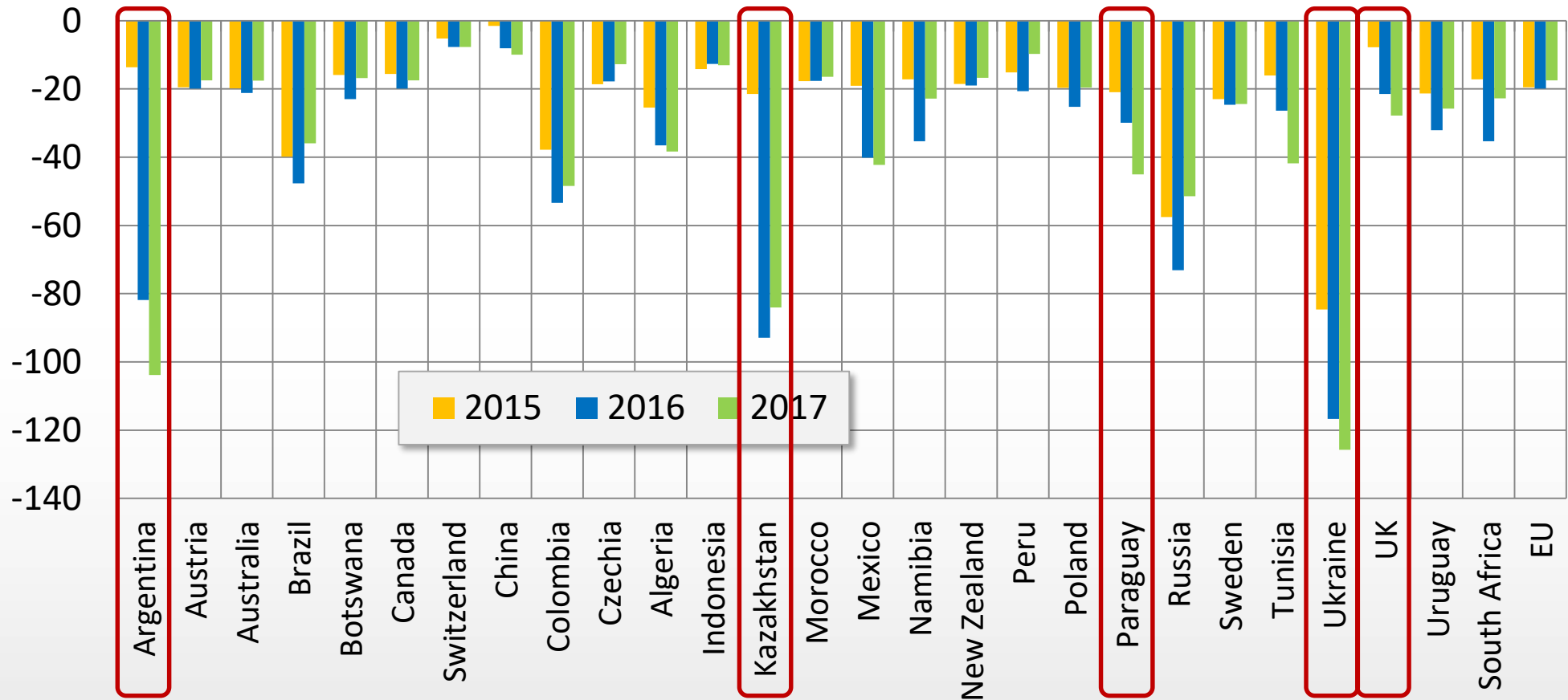


Beef and dairy countries



Exchange rate movements 2014-2017

Percentage change 2015, 2016 and 2017 compared with 2014



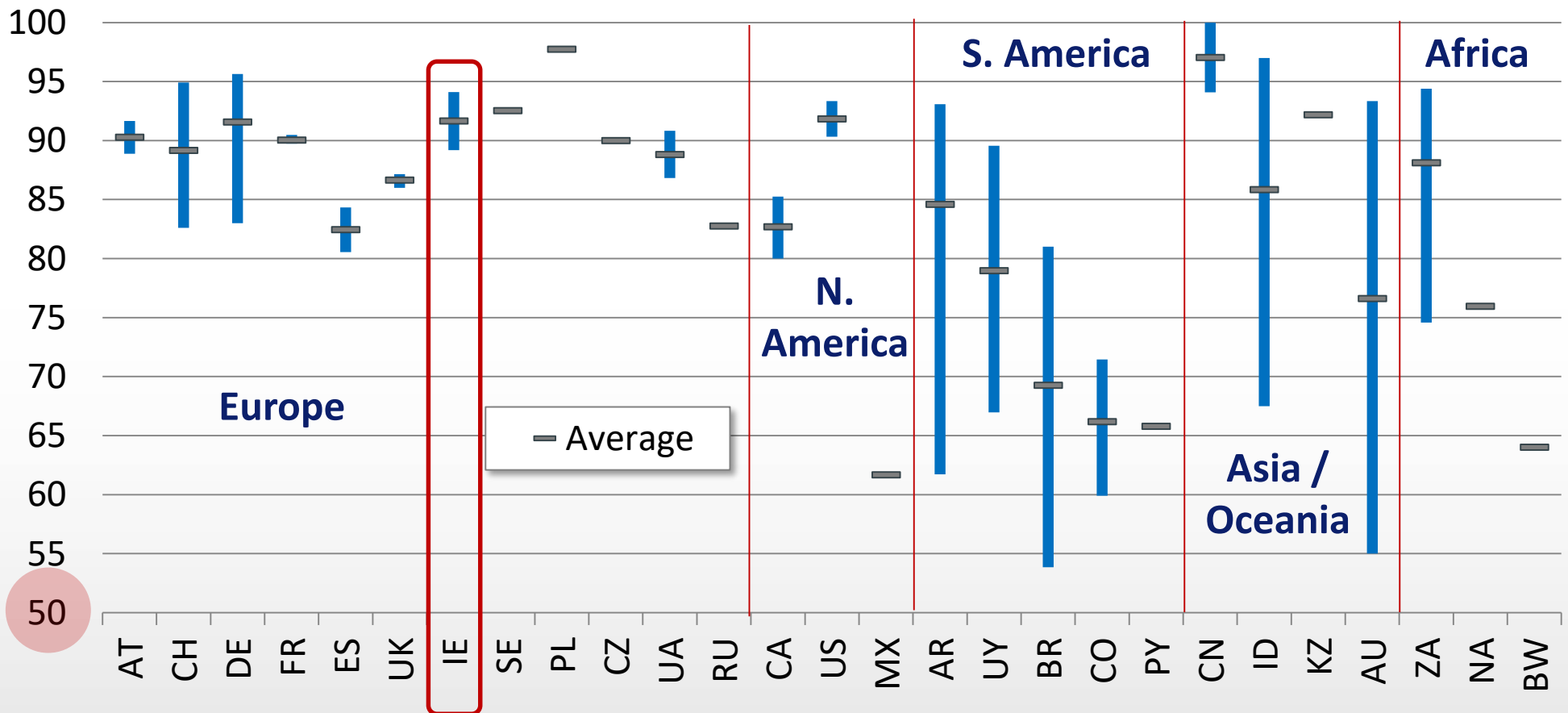
Source: www.oanda.com

Cow-calf results



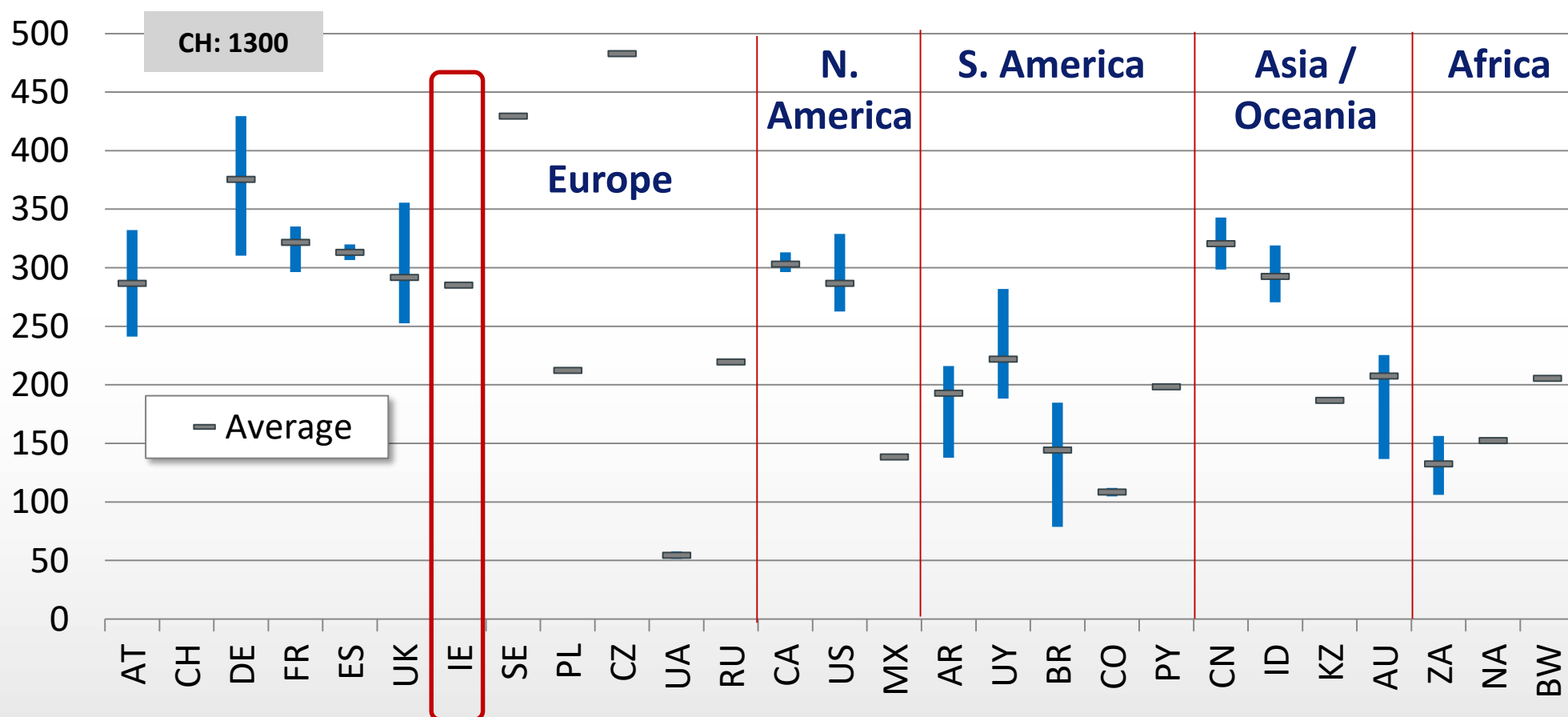
Number of weaners per cow and year

Number of weaners per cow and year (y-axis starts at 50 not at 0!)



Total returns of the cow-calf enterprise 2017

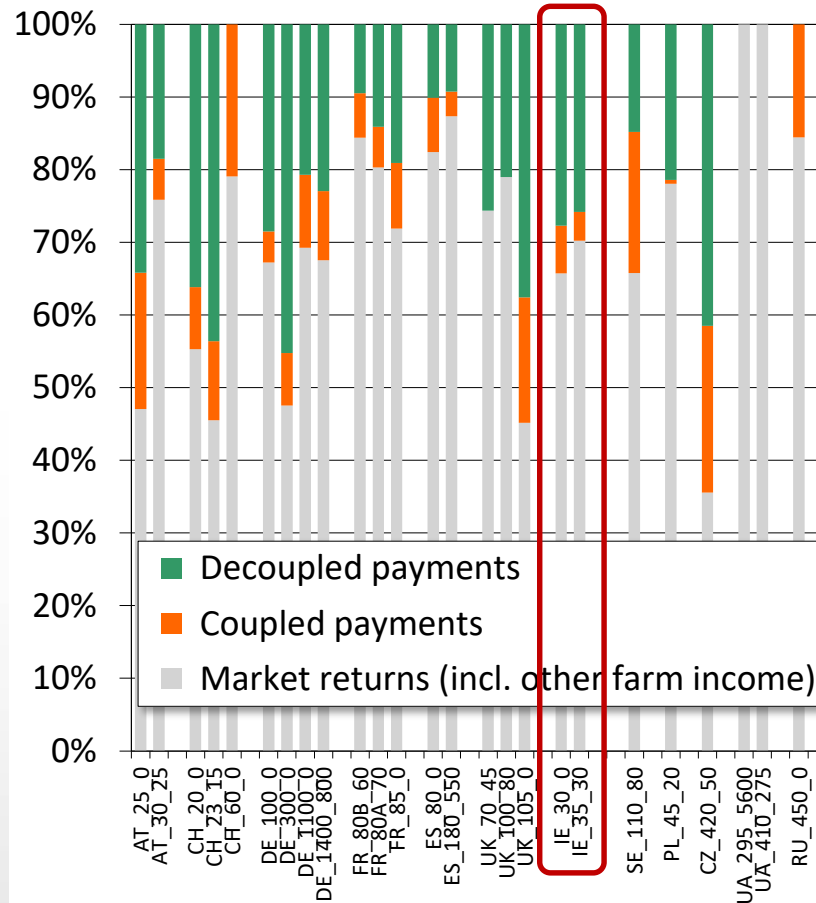
USD per 100 kg live weight



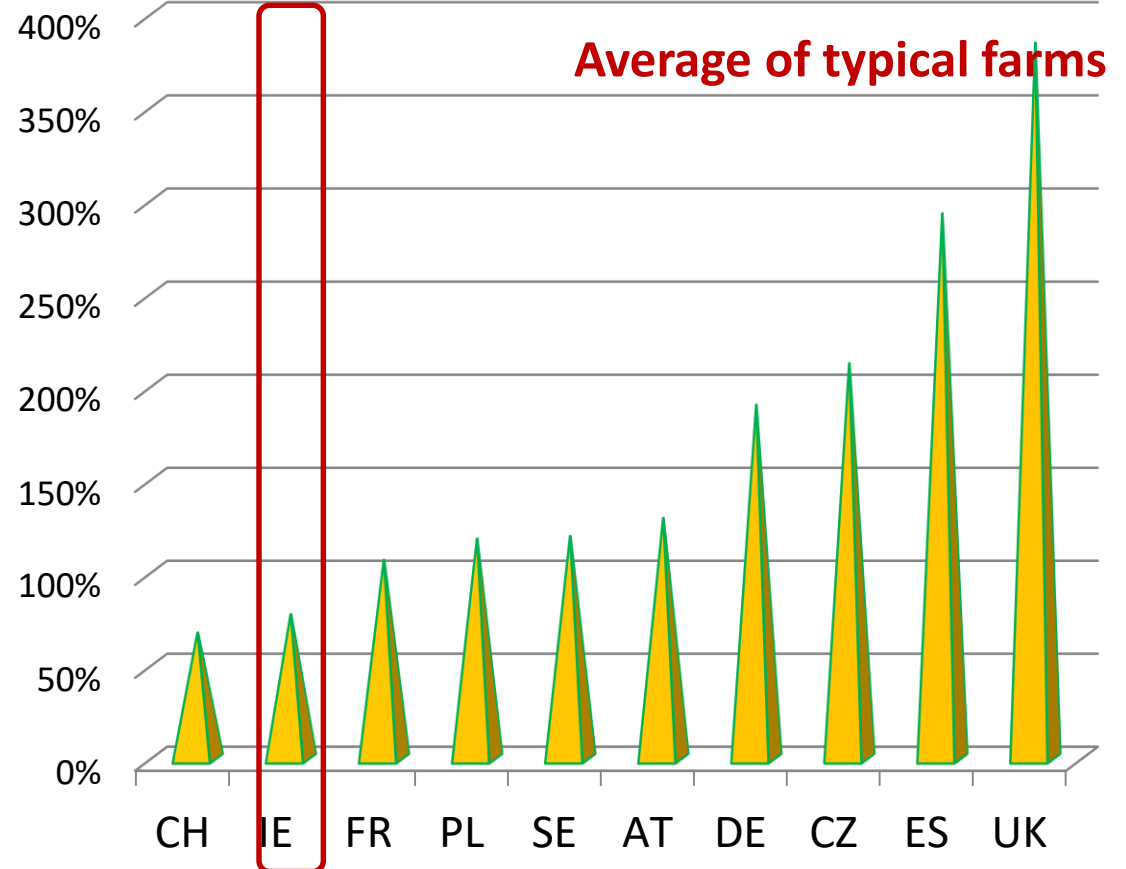
Direct payments remain important in EU farms ...

Composition of total returns on whole farm level 2017

Percent of whole farm returns

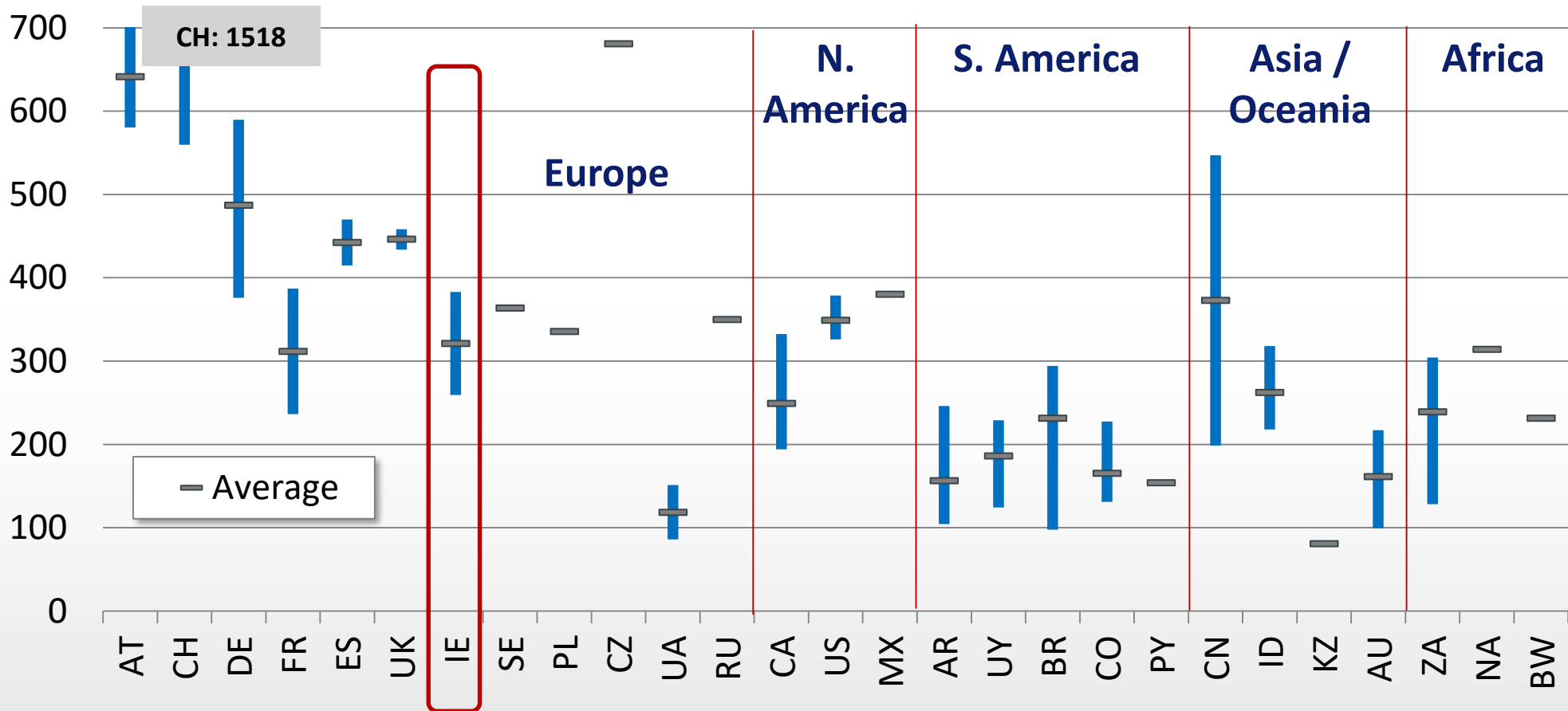


Proportion of payments in farm income



Total costs of the cow-calf enterprise 2017

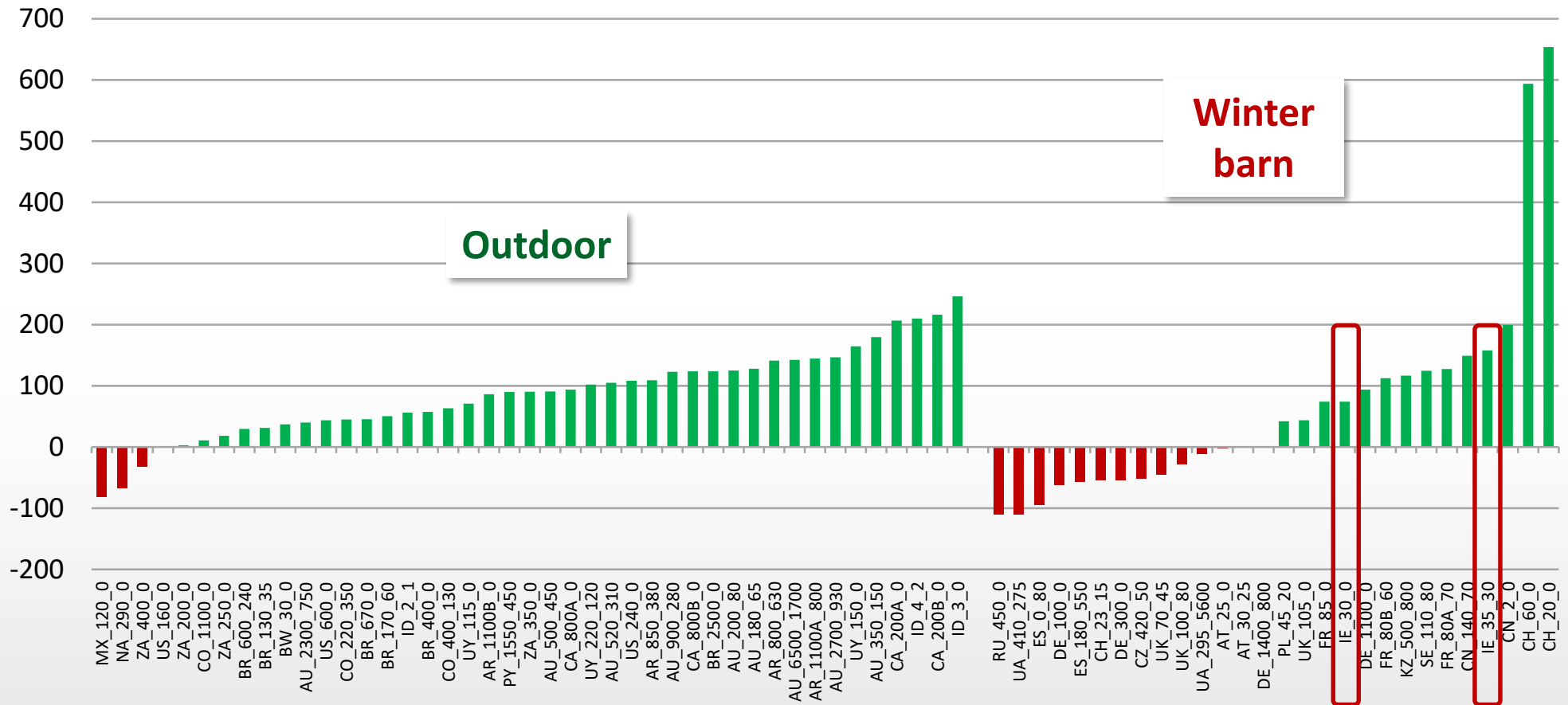
USD per 100 kg live weight



Mid-term profits of the cow-calf enterprise 2017

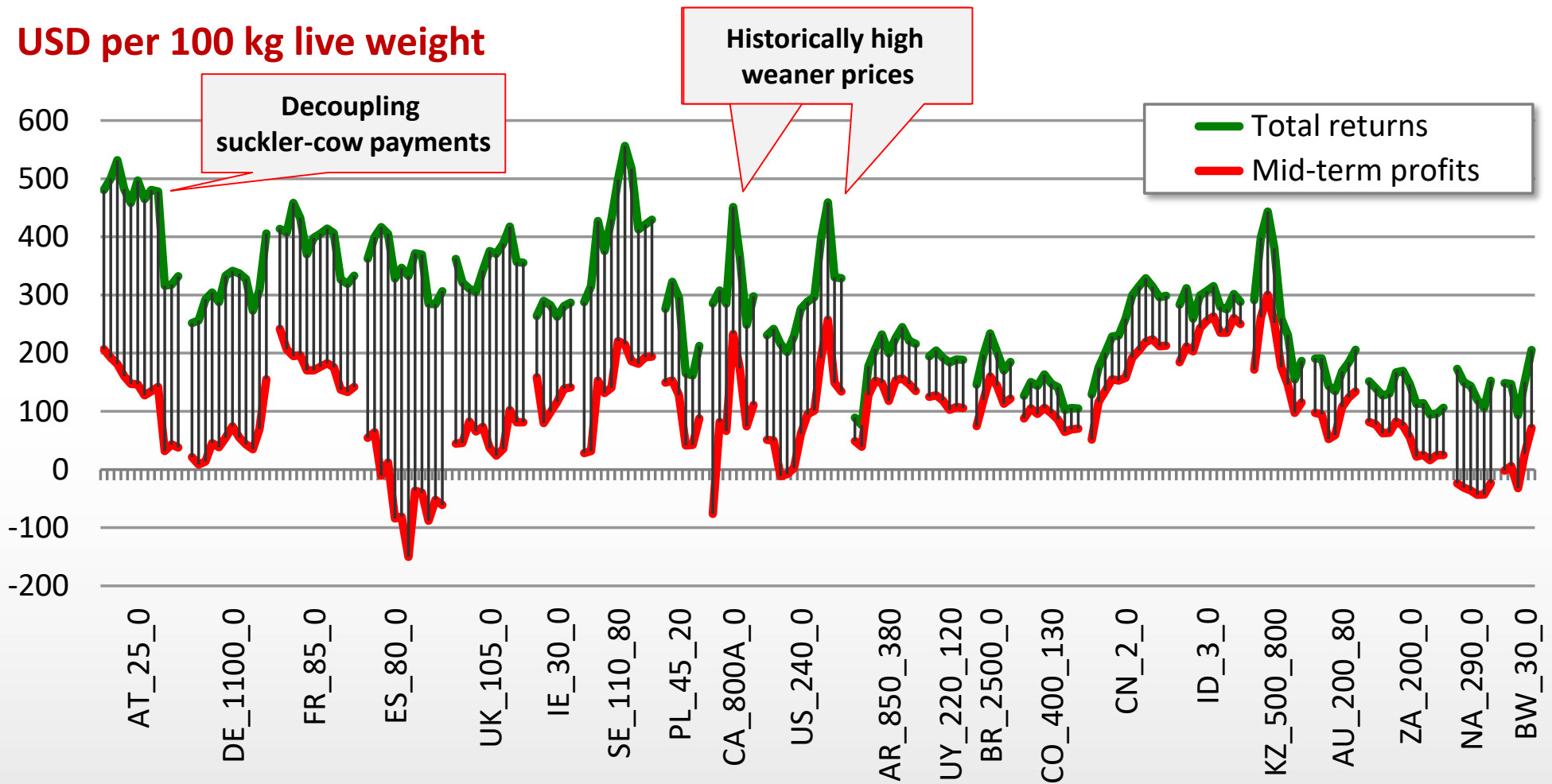
(Total returns – cash cost – depreciation) by housing system

USD per 100 kg live weight



Mid-term profits over time mainly depend on returns = weaner prices (2006 – 2017)

USD per 100 kg live weight



Beef finishing results 2017



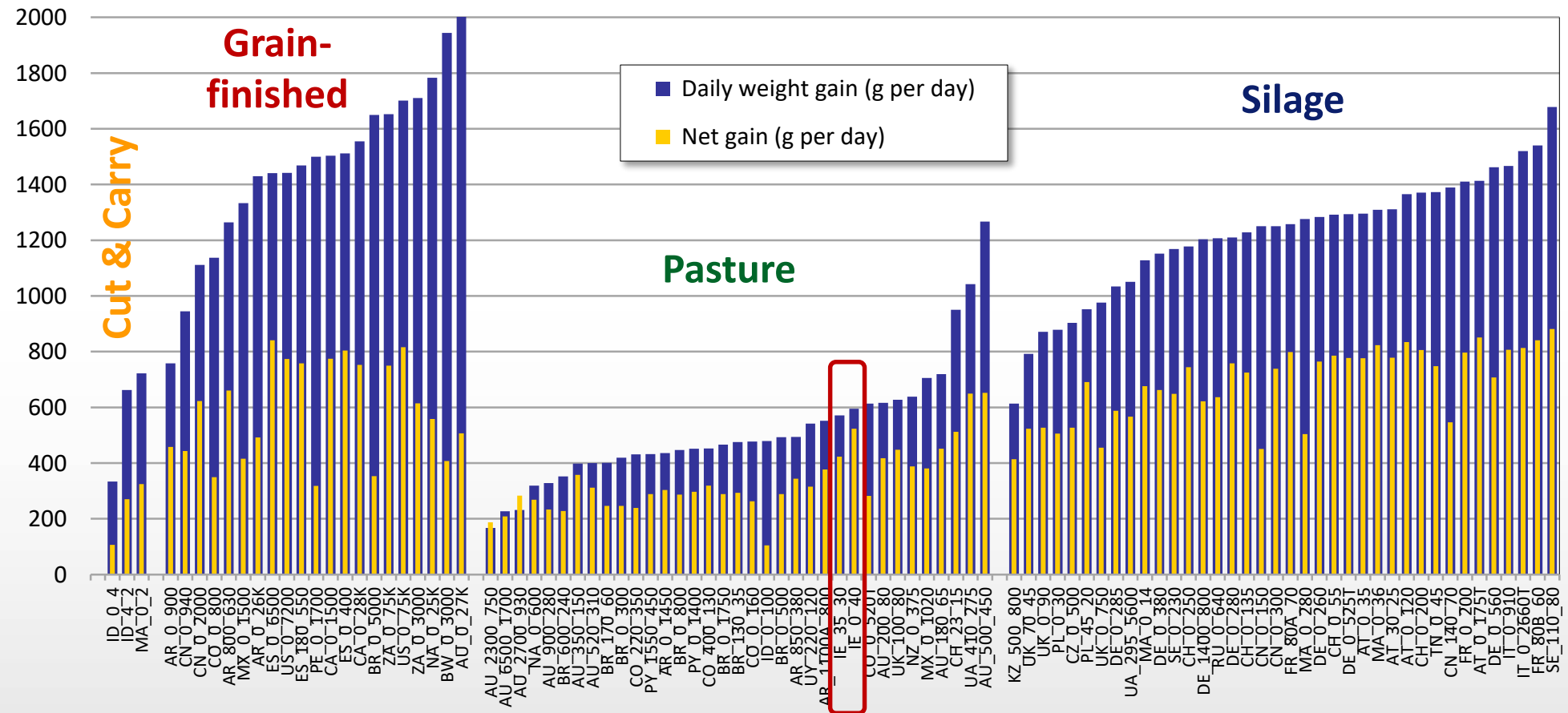
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Daily weight gain / net gain* by production system

*net gain: carcass weight / age at slaughter

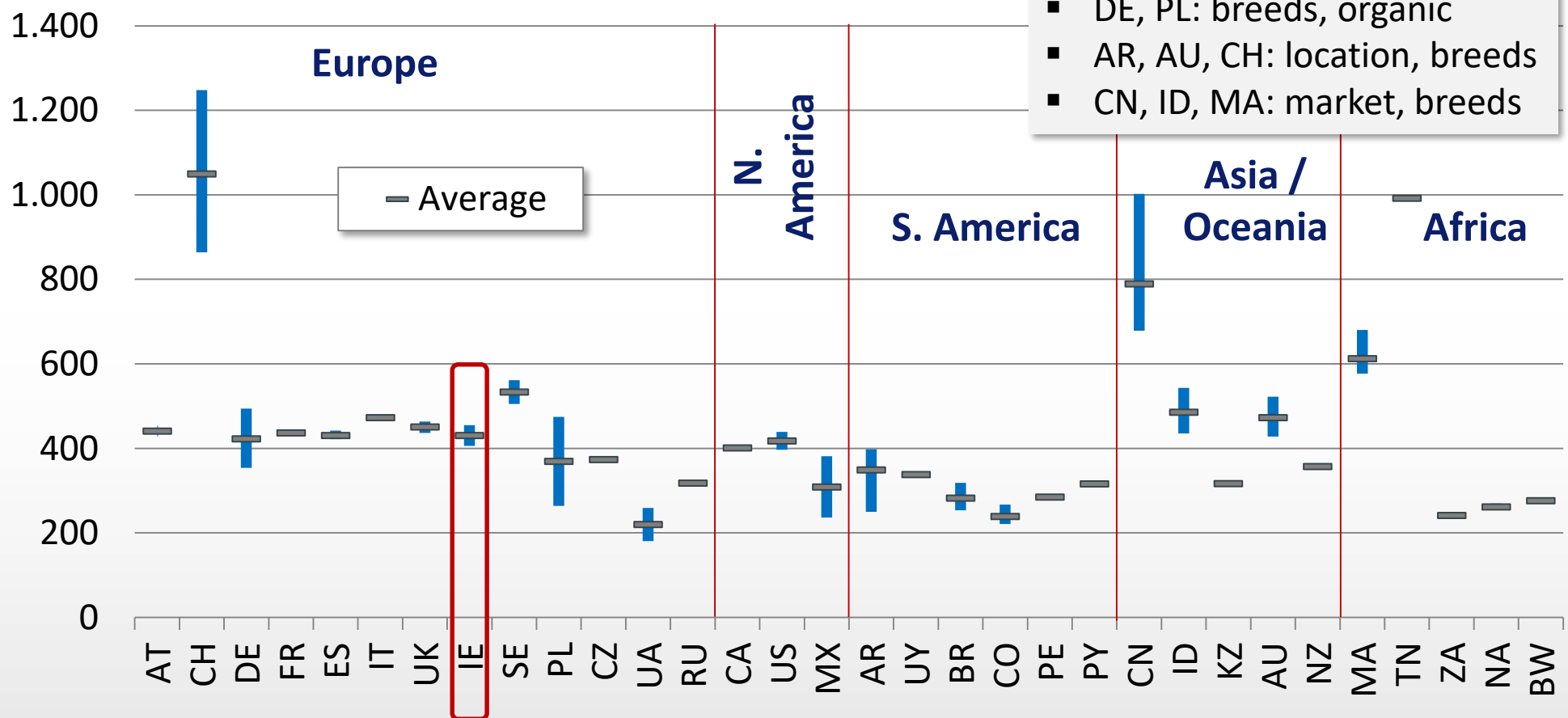
g per day



Beef price levels by country 2017

price ranges (min, max) of *agri benchmark* farms

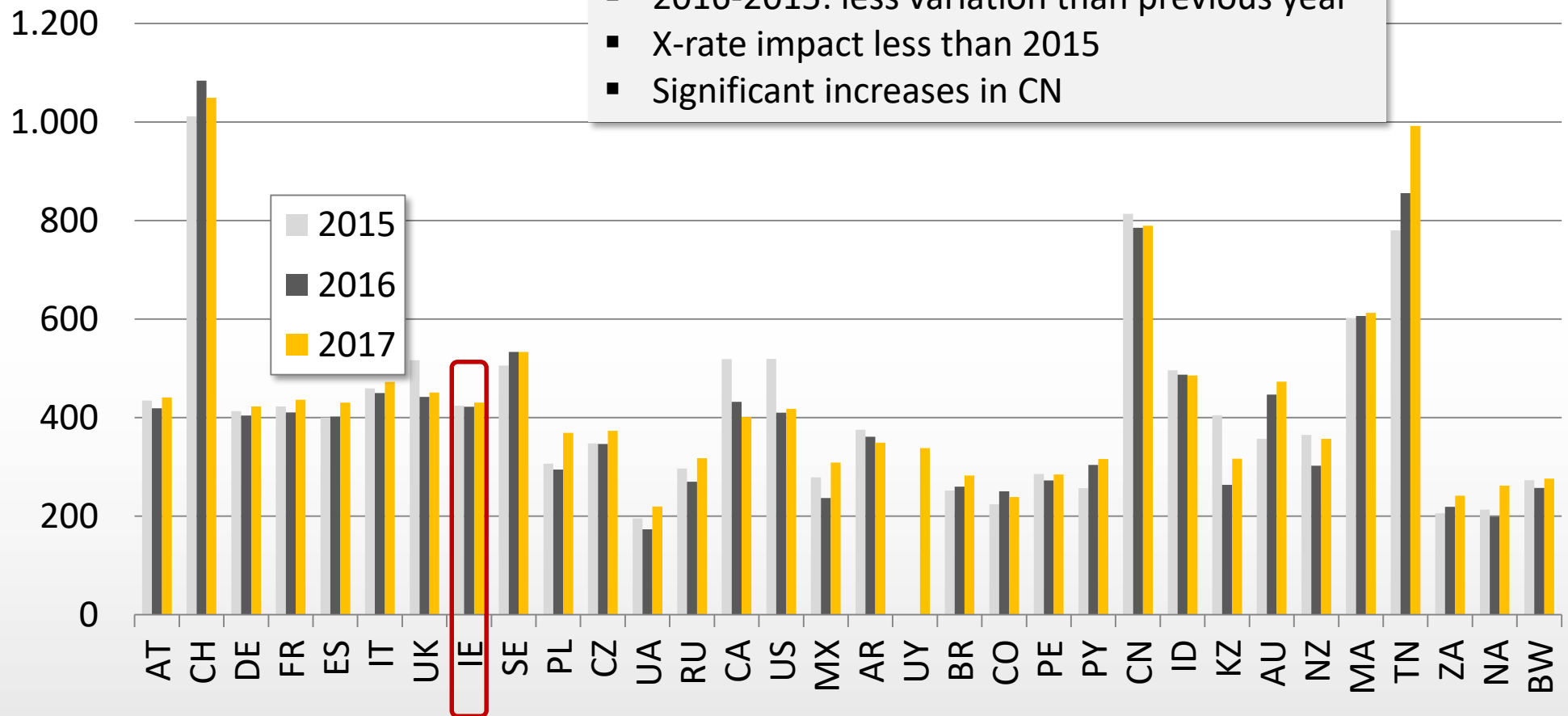
USD per 100 kg carcass weight



Beef price levels by country 2015 – 2017

averages of *agri benchmark* farms

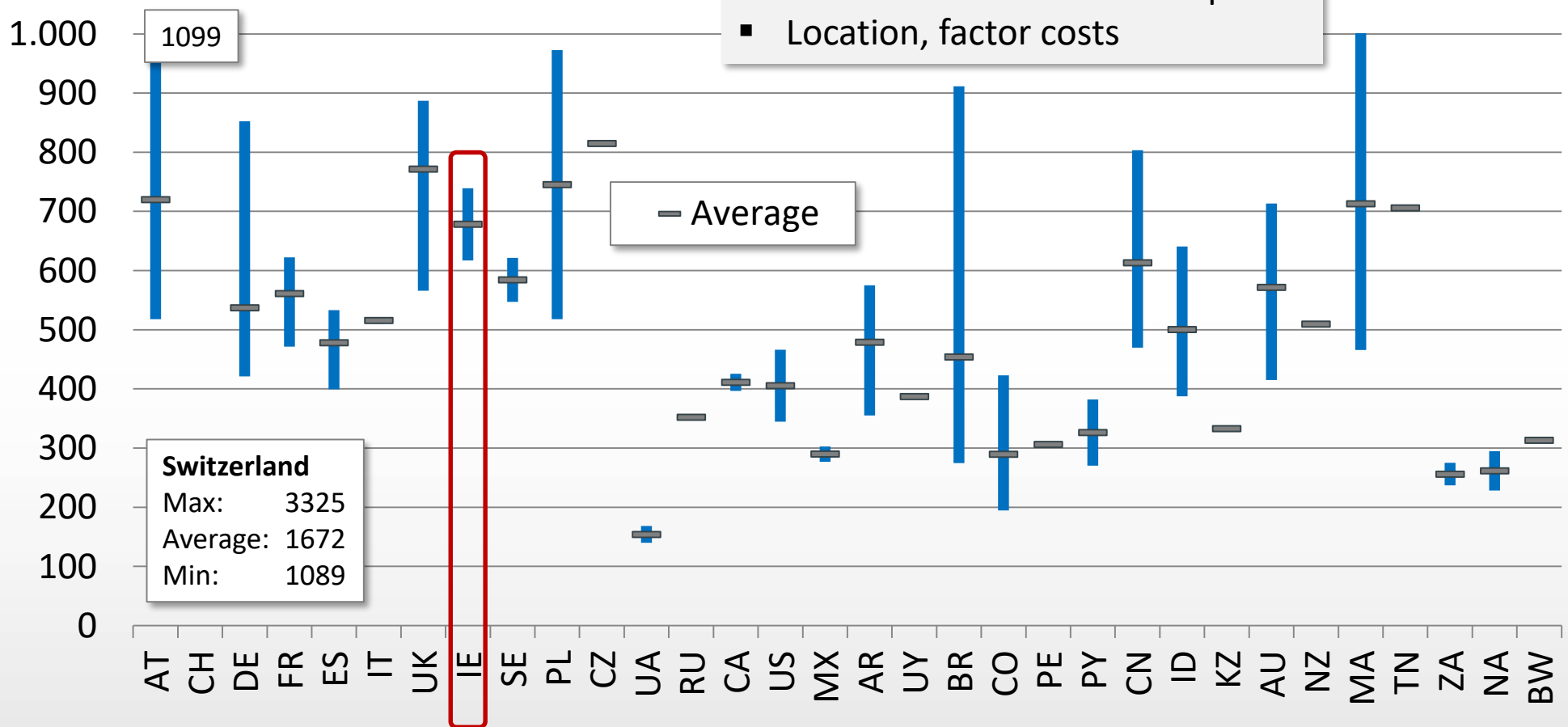
USD per 100 kg carcass weight



Total cost levels by country 2017

cost ranges (min, max) of agri benchmark farms

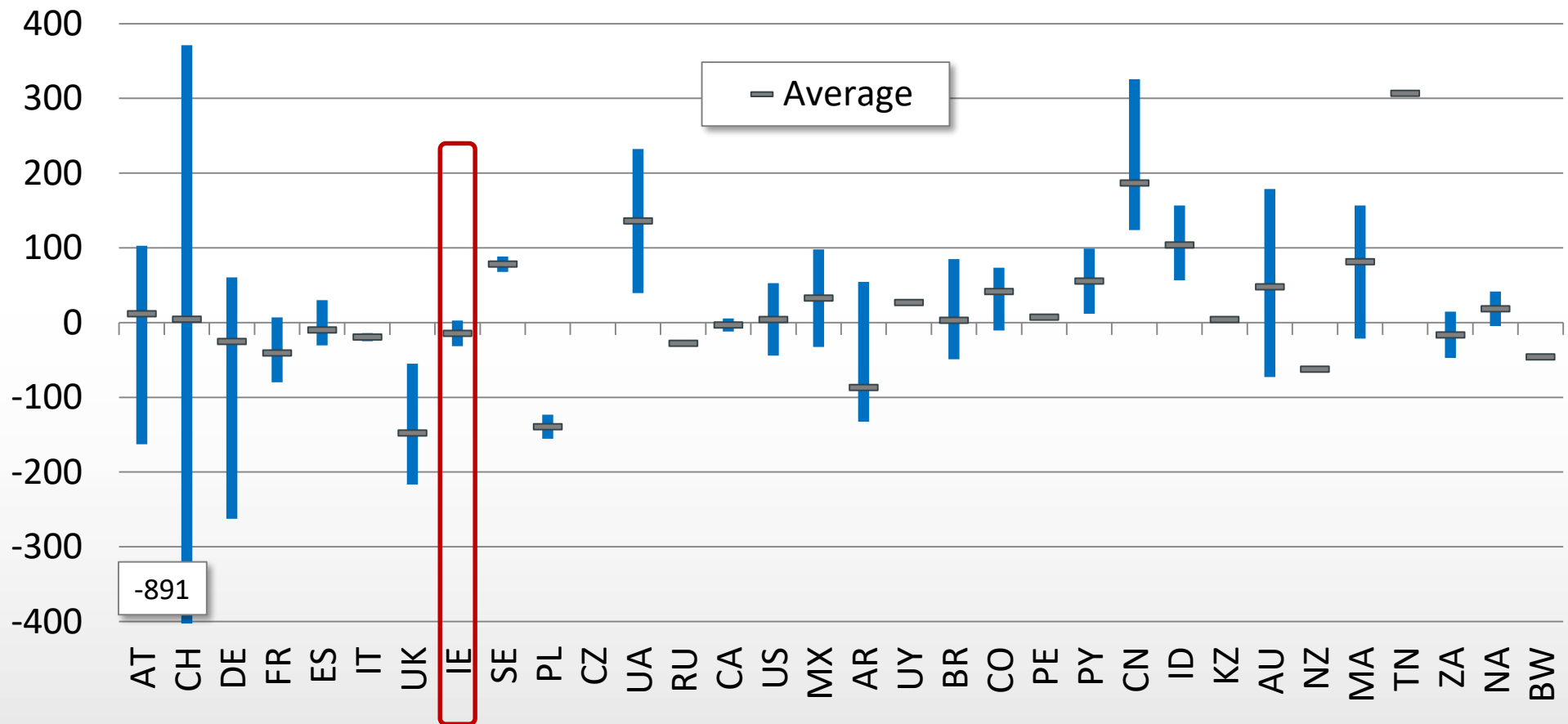
USD per 100 kg carcass weight



Mid-term profitability levels by country 2017

profit ranges (min, max) of agri benchmark farms

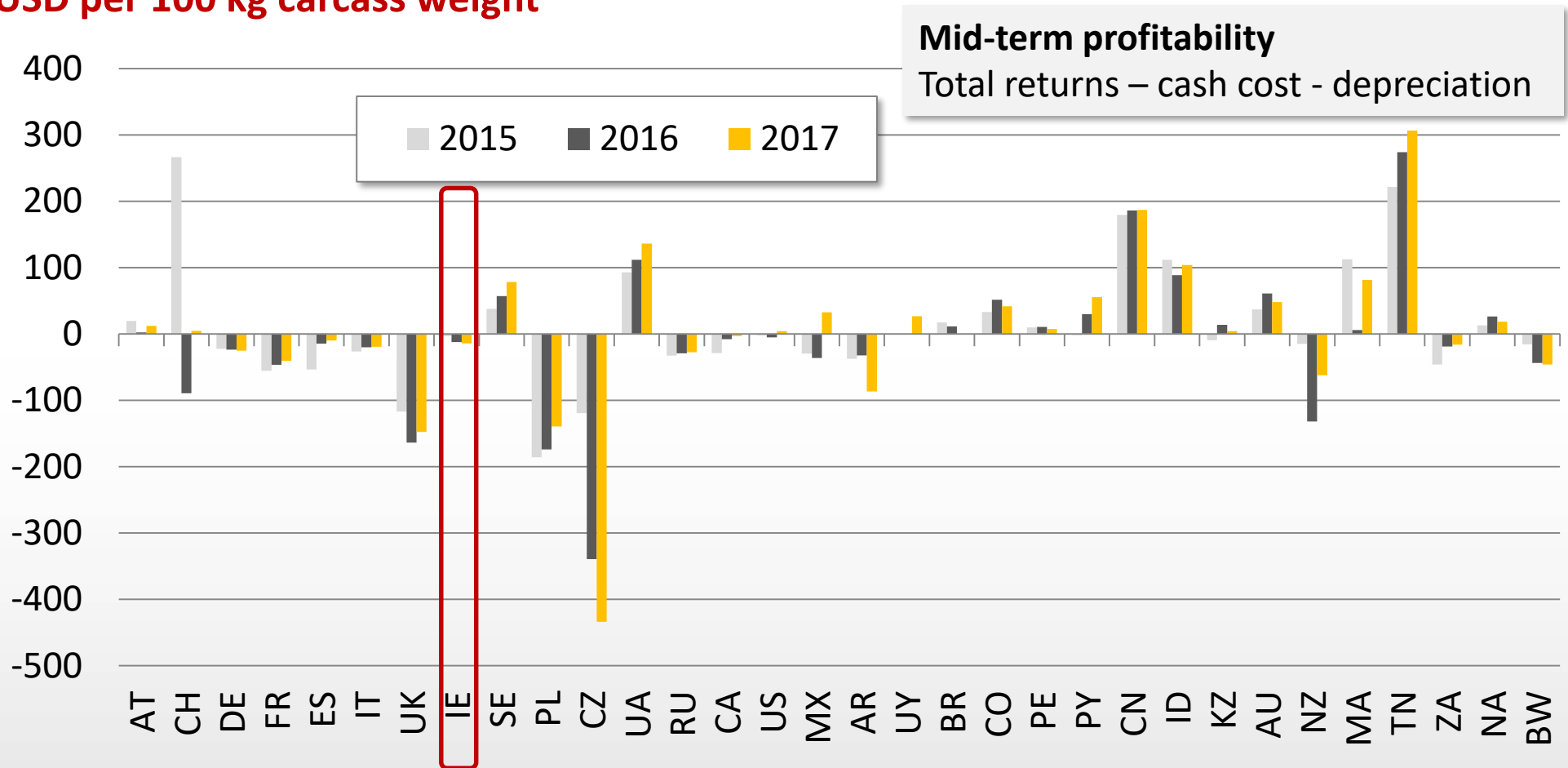
USD per 100 kg carcass weight



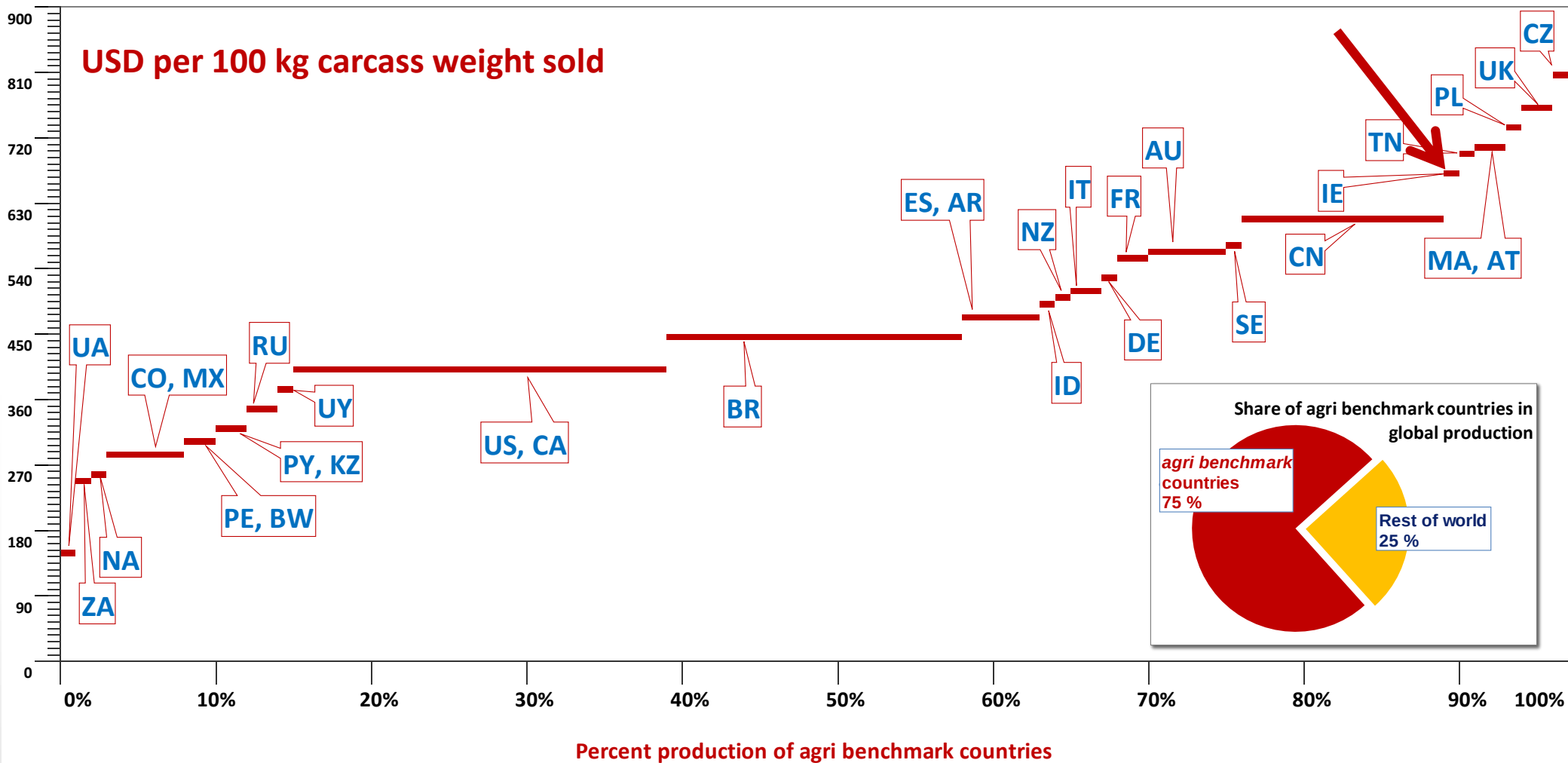
Mid-term profitability by country 2015 – 2017

averages of *agri benchmark* farms

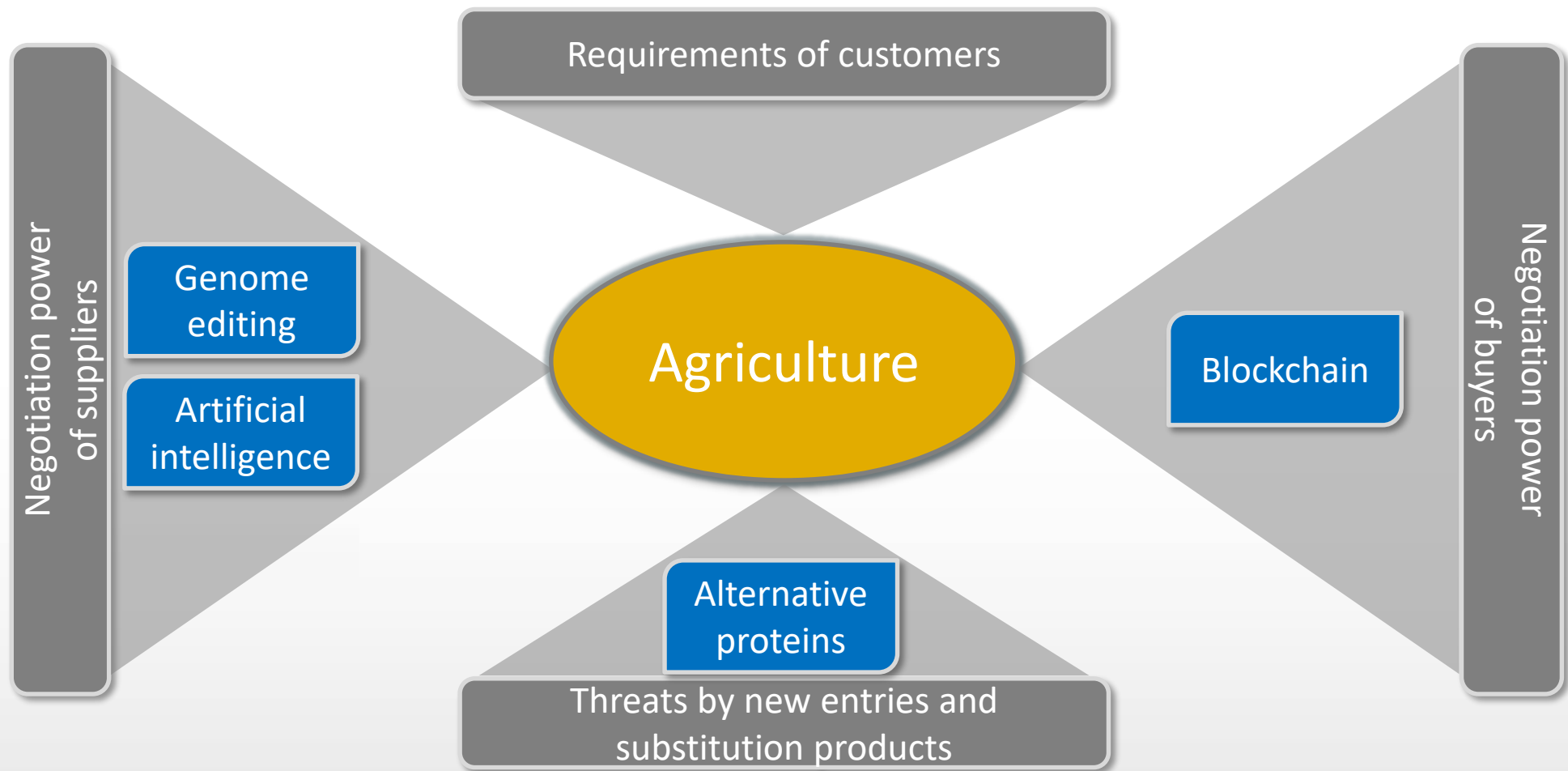
USD per 100 kg carcass weight



Beef supply curve (w/o Switzerland)



New technologies can have a disruptive impact on 'traditional' meat producers



Summary and conclusions

Positive



- Strong export industry
- High/acknowledged product quality
- Green image
- Constant domestic consumption
- Production increase despite limited land resources
- Rel. high productivity and low costs in cow-calf
- Combination with off-farm income (?)

Less positive



- High dependence on UK (Brexit)
- Low market returns, high dependence on direct payments
- Medium productivity in beef finishing
- Rel. high costs in beef finishing
- Rel. small farm structures
- Low farm incomes
- Farm succession (?)

► Continue on the pathway of productivity increase and sustainability to maintain and increase market shares

agri benchmark – passionate about facts



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