

Overall prospects remain positive despite challenges from rising costs and policy reform

Both beef and lamb prices as well as costs on the rise / *agri benchmark* Beef and Sheep network has unique data for global comparisons

The year 2013 brought back some profitability to beef and sheep production in countries with moderate climatic conditions whereas drought and adverse weather conditions continued to depress margins elsewhere, mainly in the Southern Hemisphere. This was one of the main conclusions of the [agri benchmark Beef and Sheep Conference 2014](#) hosted by the Italian Research Centre for Animal Production ([CRPA](#)) in Turin, Italy from June 5-11.

Some 31 countries participate in the global network, including new members Botswana (via cooperation with the International Livestock Research Institute [ILRI](#)) and Paraguay. The week-long event consisted of an internal workshop and a public Global Forum on the final day. Workshop topics included consumer preferences and trade, animal welfare, farm labour productivity, grasslands beef production systems, sheep production systems and seasonal lamb and sheep price patterns. In addition, key 'burning issues' for cattle and sheep producers were identified, among them climate change, the lack of long-term beef enterprise profits and various government policies. The field trips showed some of the best soils in the Po river region, very high yields from maize silage, competition for land with arable and horticulture farming and subsequent high land prices and stocking rates.

High price levels depress consumption

Beef and lamb prices, as well as cost of production, increased further in 2013, but at a lower rate than in the 2009-2011 period. High prices and the economic crises in many of the established beef and lamb markets have led to a reduction of per capita beef (and lamb) consumption in most countries. Additional demand is mainly coming from Asia – with China being the main driver – but also from South America, where Brazil is the engine of both demand and supply. There is growing recognition within the network of China's sudden emergence as a major beef and sheep meat importer, and its implications for global export demand, prices and trade flows.

CAP reform poses challenges on some EU-producers

Main elements of the new EU CAP-reform are further decoupling (mainly in the cow-calf and sheep sector), the transformation of single-farm payments into area payments and the restrictions imposed by the 'greening' measures. Beef finishing farms with high stocking rates will be particularly affected. Kees de Roest, Italian *agri benchmark* partner and head of the economic division of the Livestock Research Institute CRPA said that "In the case of Italy, these farms will lose an equivalent of EURO 400-600 per hectare until 2020." In the public Global Forum of the Conference, panelists from the Italian beef supply chain concluded that the adjustments to the challenges of the CAP-reform will have to include market development, innovation and product developments such as beef branded as European products, convenience beef preparations and, in the case of Italy, also the export of regional specialties to other EU-countries. Like in many other countries Italian consumers appreciate local origin of food products. To further promote this a product specification for beef of Italian origin has been set up and will be launched in the market in the coming years.

The potential of grazing systems remains high

Most beef cattle and almost all sheep spend at least part of their lives on pastures, in many countries they are even finished on grass. Many grassland areas are overgrazed – for example in Inner Mongolia – whereas others are underused. More sustainable grassland management through adjusting stocking rates to potential and limits, the gradual introduction of fertilisation, supplementary feeding and new plant varieties could unlock the potential presently unused. Silvo-pastoral systems in tropical countries seem to be able to create triple-win situations between environment, economics and animal welfare and will be investigated further within the network. China is trying to move from overgrazing to more sustainable grassland management. Argentina, Brazil and Colombia have room to improve grassland productivity which is subsequently transferred into animal productivity.



Participants of the 12th agri benchmark Beef and Sheep Conference 2014

For further details please contact Barbara Wildegger, barbara.wildegger@ti.bund.de

For information about the network see the *agri benchmark* Website www.agribenchmark.org