



Agriculture & Horticulture  
DEVELOPMENT BOARD

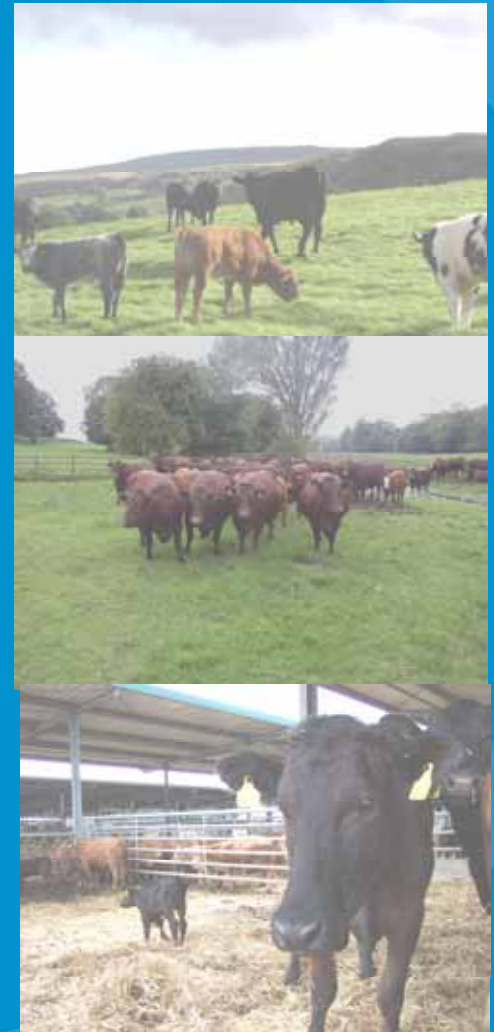
# Latest developments of beef production in the EU

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AHDB Market Intelligence

Brisbane June 2010



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# Overview of EU cattle sector

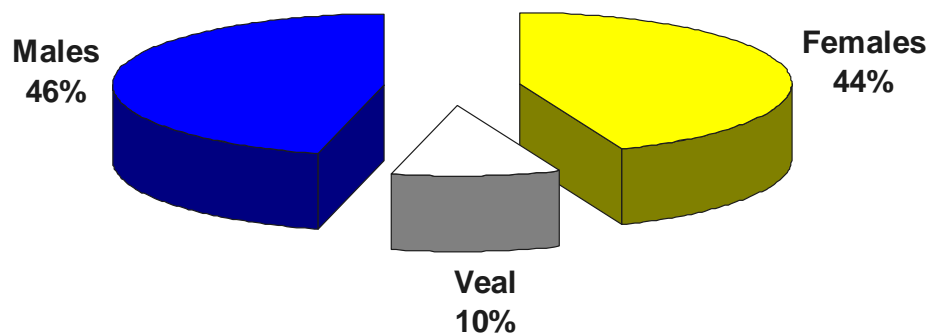


# Background

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- Over 24 million dairy cows and over 12 million beef cows
- 60% of EU beef originates from the dairy herd
- Nearly 1/3 of calves from dairy herd fattened as veal

*Share of cattle slaughterings*



# Main EU beef producers

## Net production - tonnes

	<b>EU-27</b>	<b>8.0 m</b>
<b>1.</b>	<b>France</b>	<b>1.5 m</b>
<b>2.</b>	<b>Germany</b>	<b>1.2 m</b>
<b>3.</b>	<b>Italy</b>	<b>1.1 m</b>
<b>4.</b>	<b>UK</b>	<b>0.8 m</b>
<b>5.</b>	<b>Spain</b>	<b>0.7 m</b>



# Diversity of beef production systems

Distribution of areas  
and animals per zone

## Grasslands

23% dairy cows  
34% suckler cows  
33% sheep

## Grasslands and maize

11% dairy cows  
3% suckler cows

## Forage crops and livestock

26% dairy cows  
18% suckler cows

## Mediterranean

17% suckler cows  
48% sheep

## Nordic

4% dairy cows

## Crops

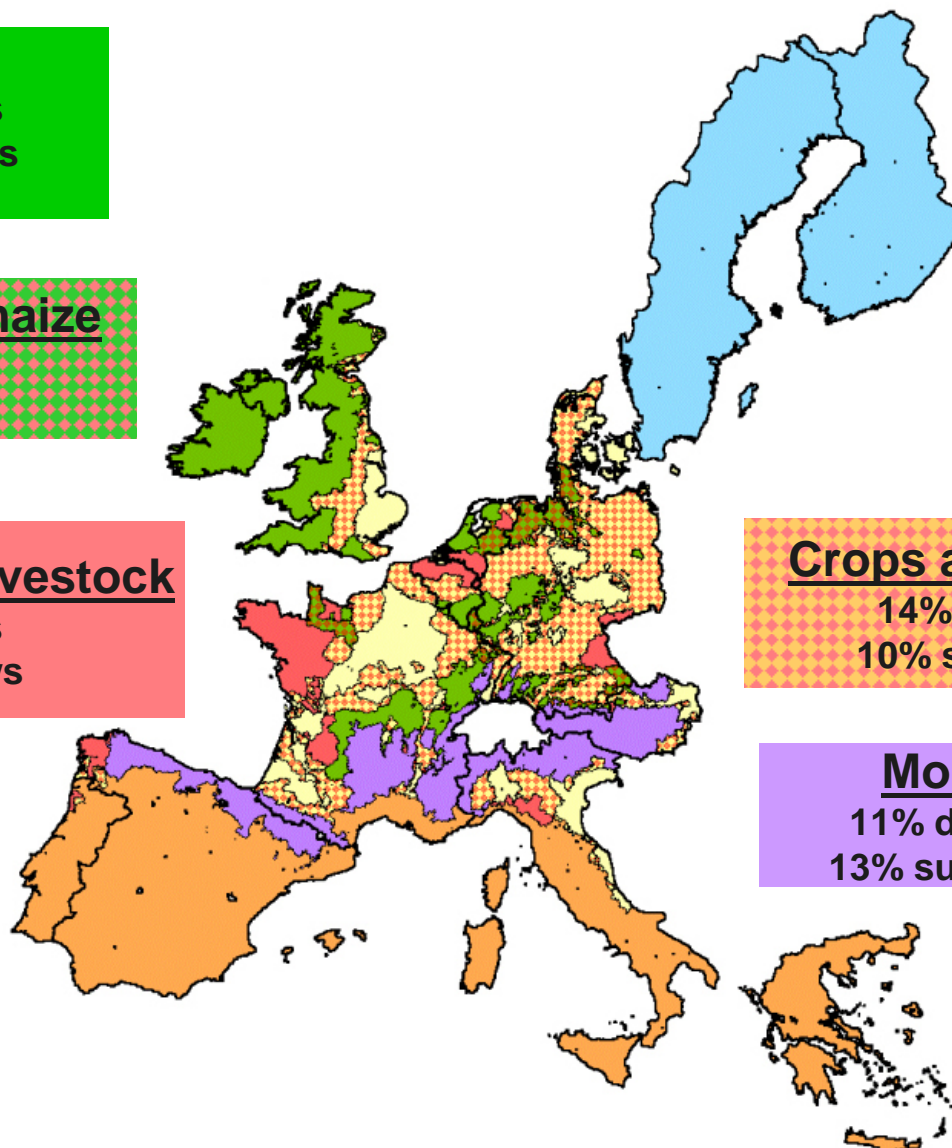
5% dairy cows  
4% suckler cows

## Crops and livestock

14% dairy cows  
10% suckler cows

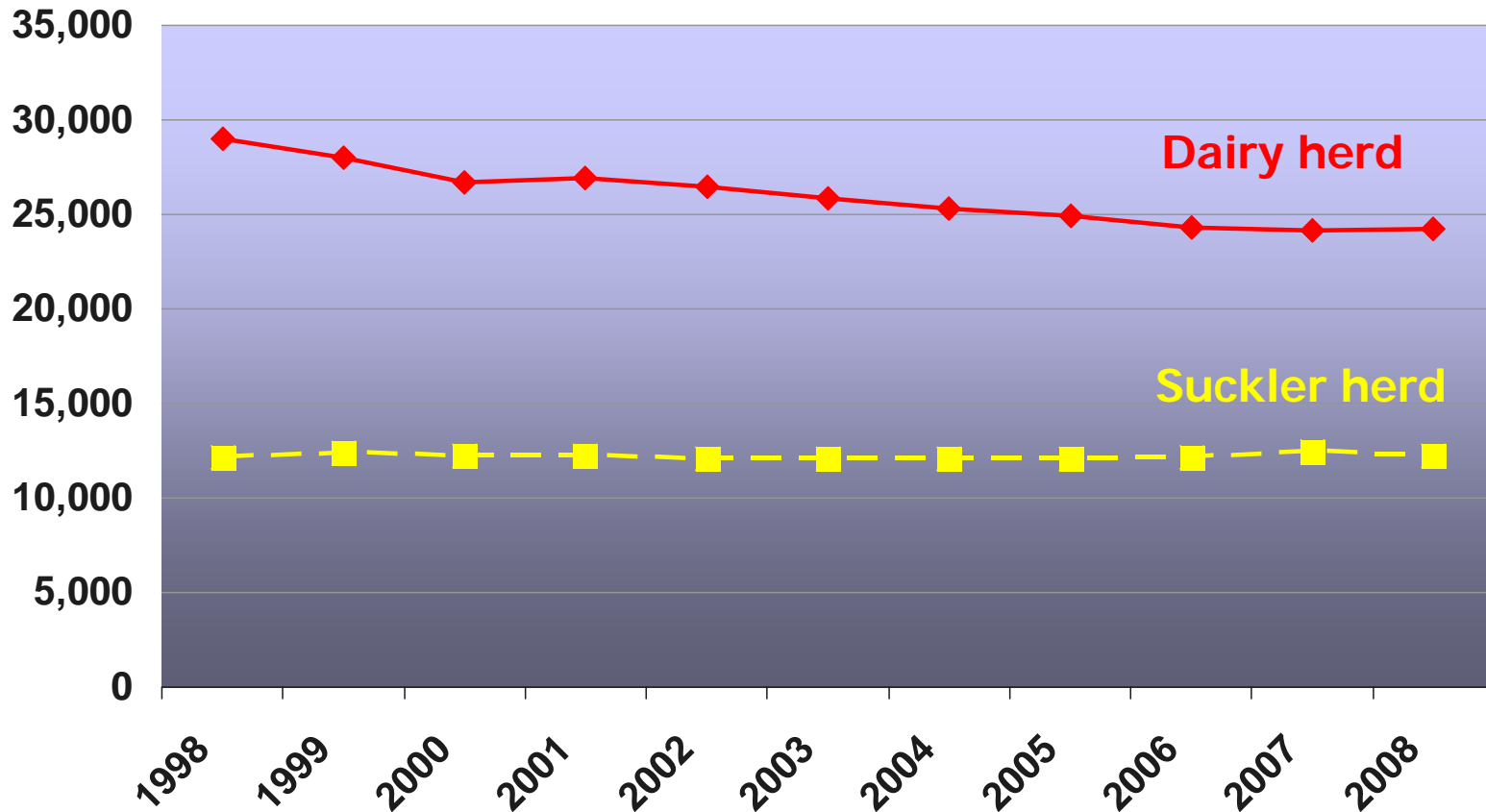
## Mountain

11% dairy cows  
13% suckler cows



# EU dairy cow herd declining, suckler herd stable

Thousand head



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# Recent influences on production and supply?

# Influences on supply and production in the EU

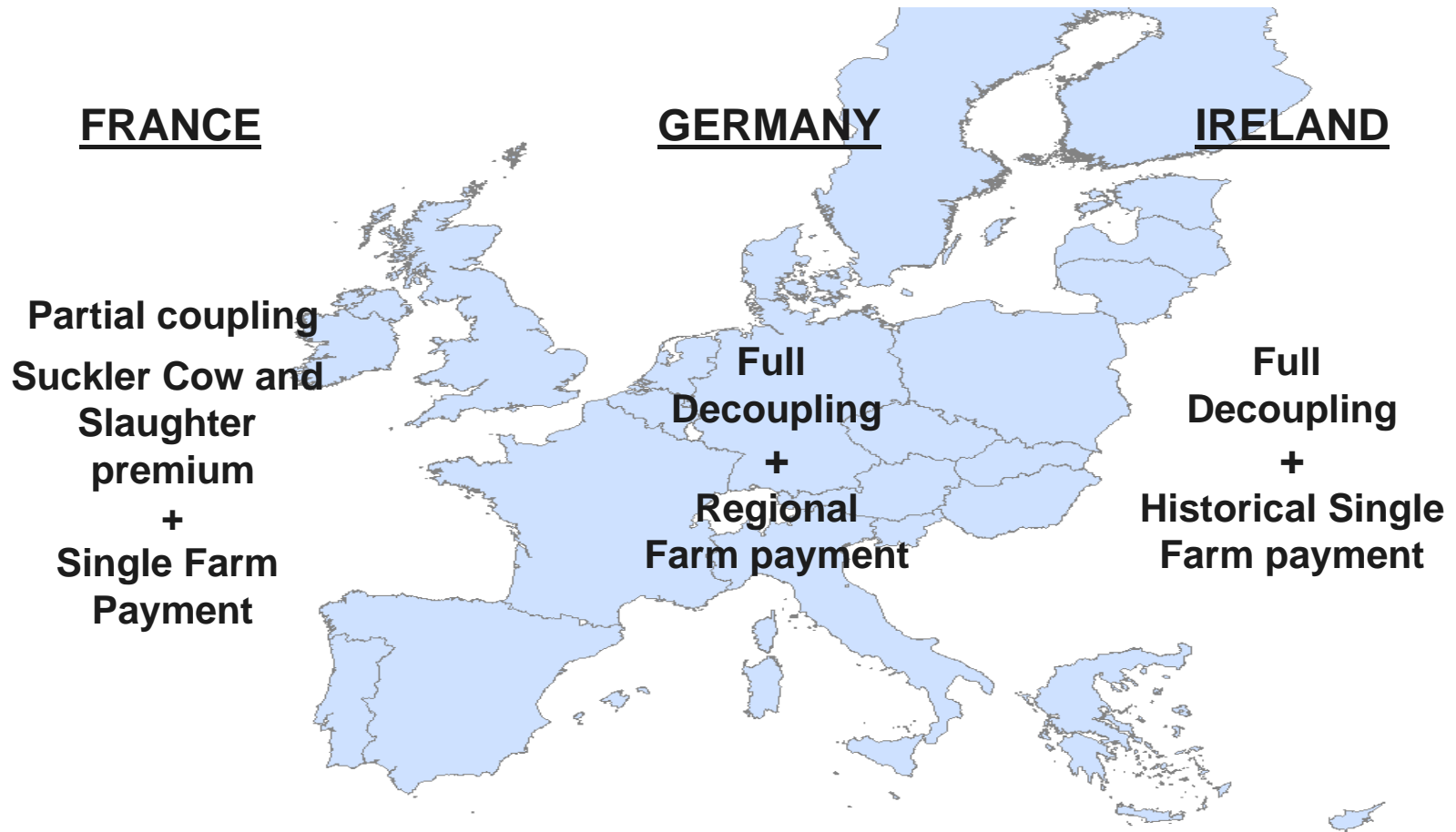
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- **Mid term CAP reform implementation**
- **Dairy market prospects**
- **Disease - Bluetongue**
- **Cereal market fluctuations and costs of production**
- **Farm structural issues**
- **Trade restrictions and competitiveness**



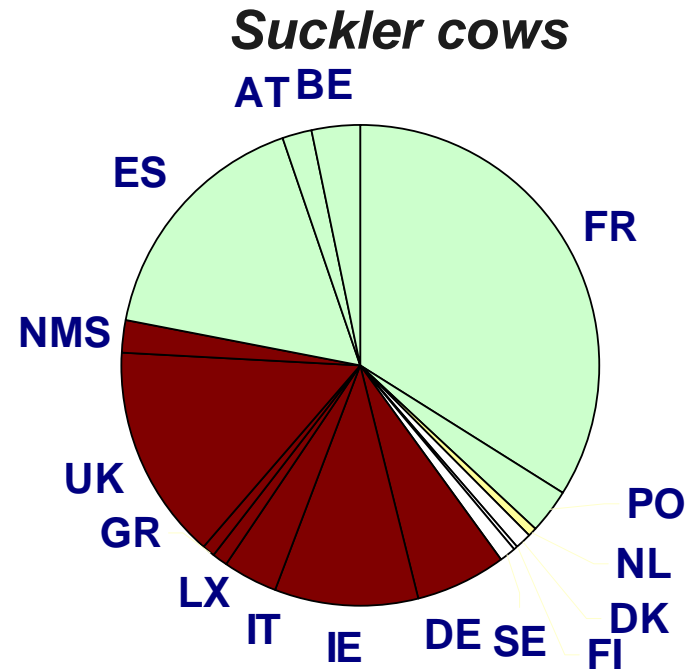
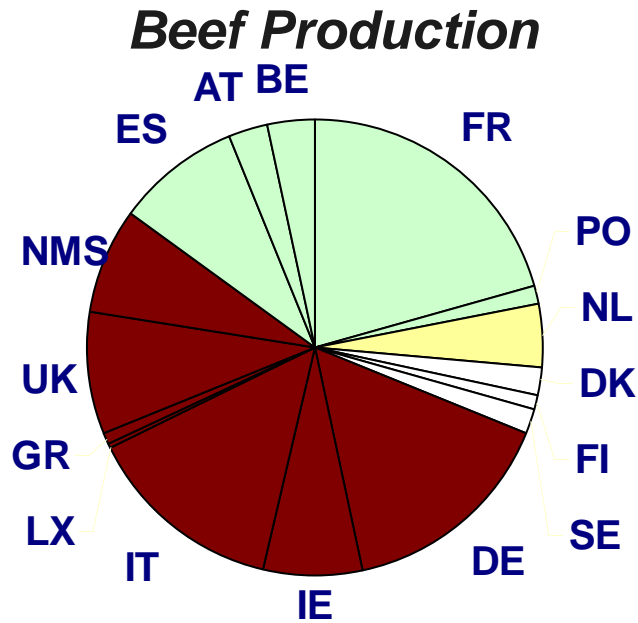
# Different implementation of Common Agriculture Policy reform

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# EU Common Agricultural Policy implementation

## *Decoupling implementation*



 *Full decoupling*

***54% beef production decoupled***

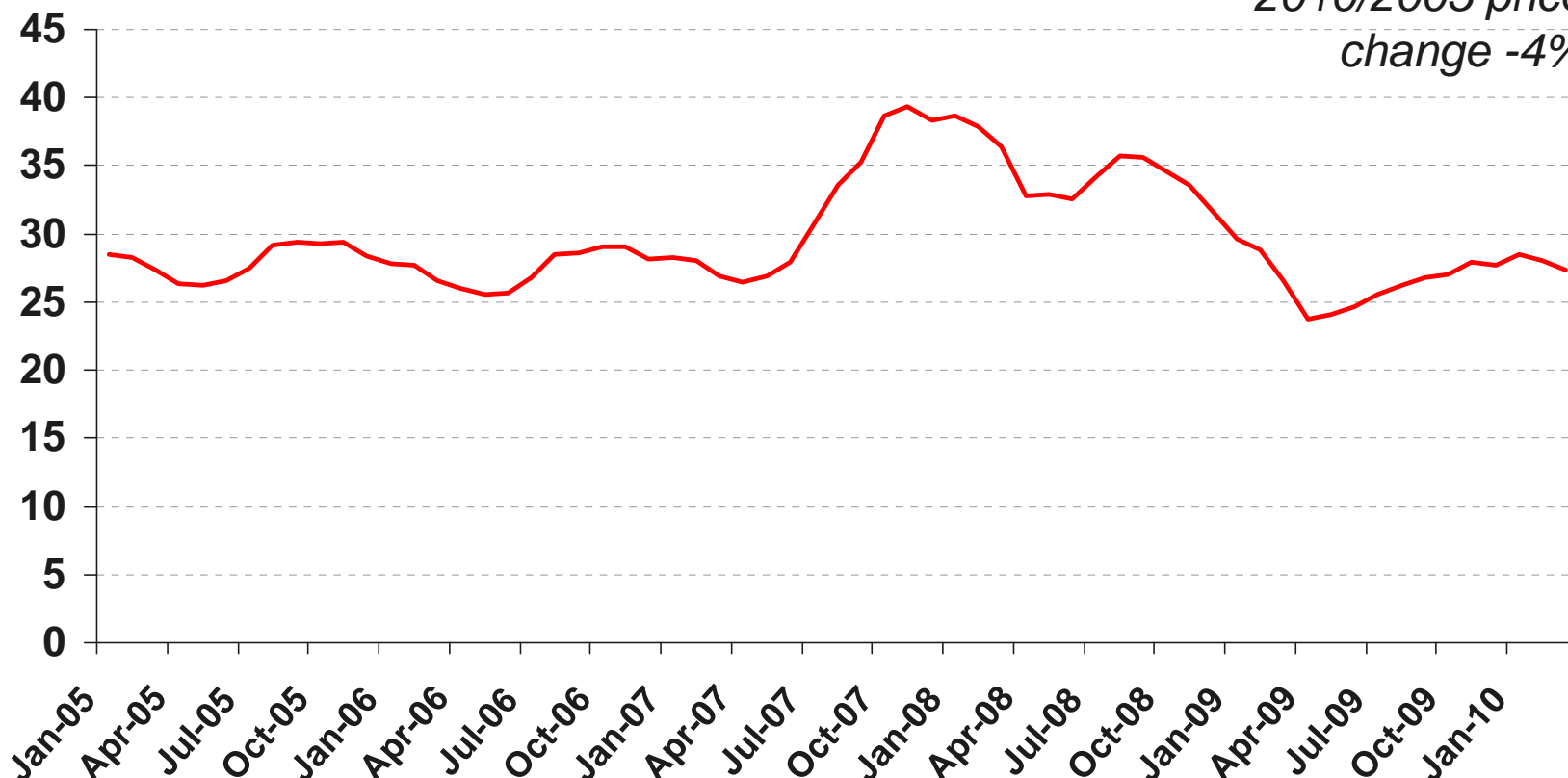
***41% sucklers cows decoupled***

*Source Eurostat, agra-europe, 2004*

# Dairy market - EU average milk price

Euros per 100kgs

2010/2005 price  
change -4%



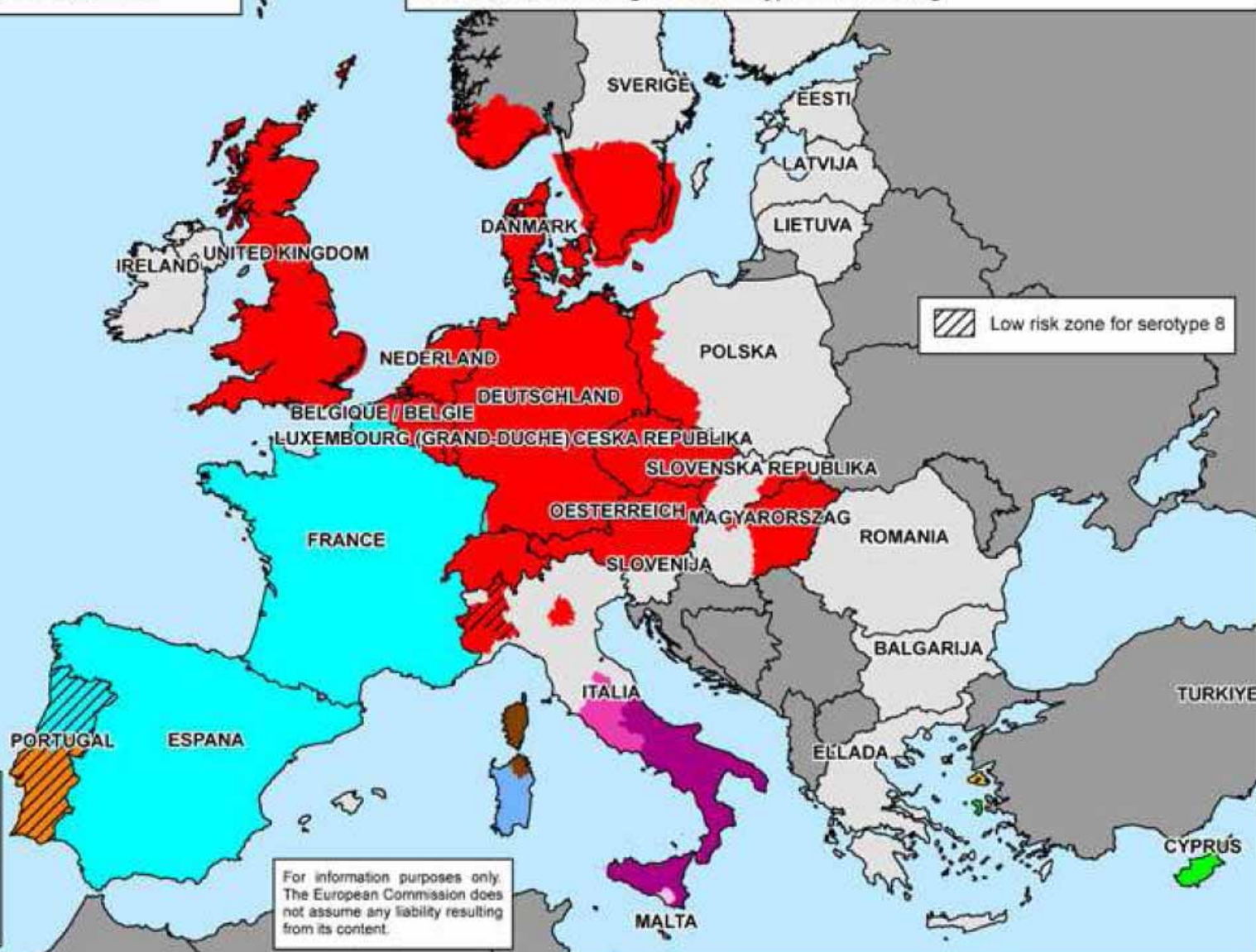
# Bluetongue

Restricted zones\* as of 27 May 2009

This map includes information on the bluetongue virus serotypes circulating in each restricted zone, which permits, for the purposes of Articles 7 and 8 of Regulation No 1266/2007, the identification of the restricted zones demarcated in different Member States where the same bluetongue virus serotypes are circulating.

## Zone (serotypes)

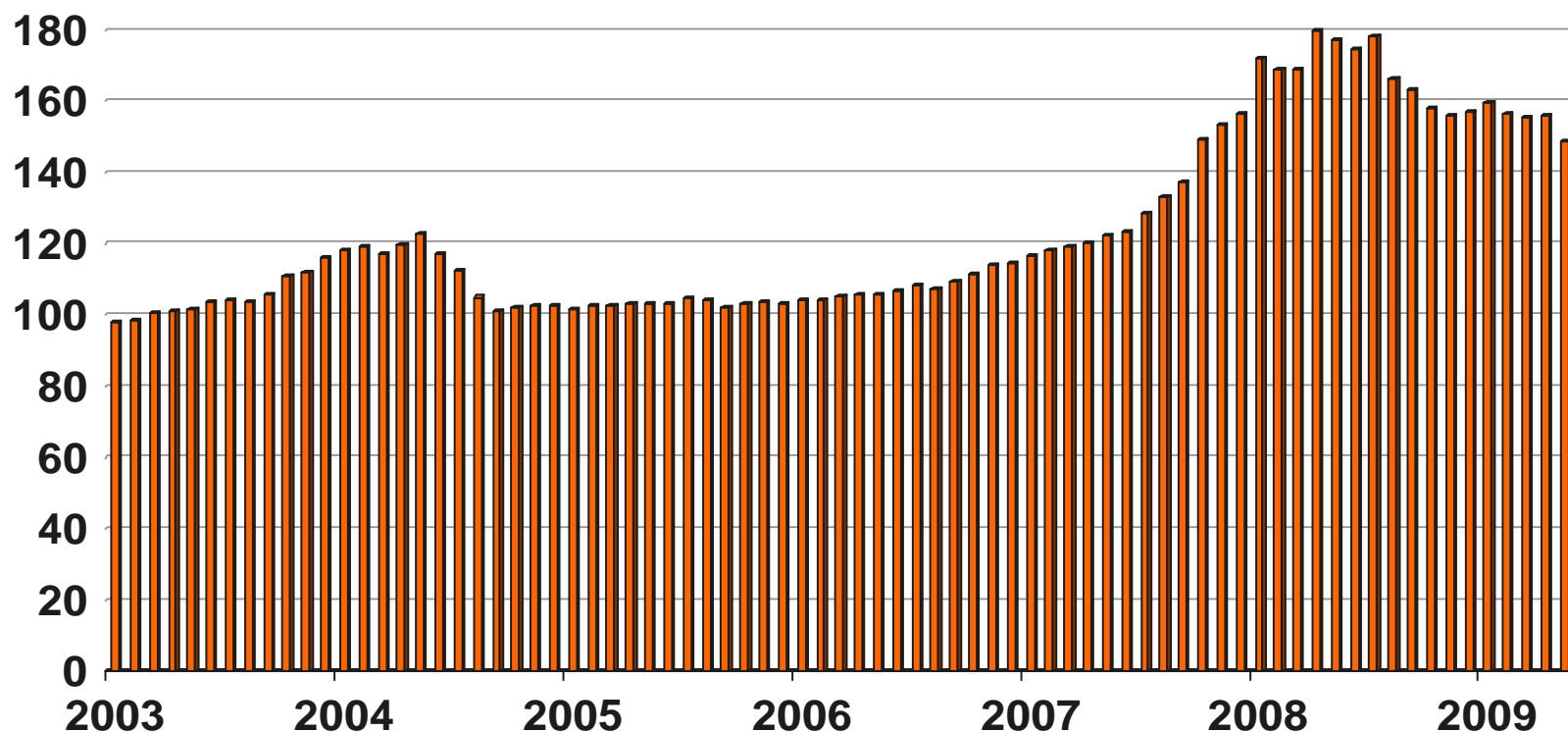
- A (2,4,9,16)
- B (2,16)
- D (16)
- F (8)
- G (1,2,4,16)
- K (1,8)
- S (1,4,8)
- T (1,2,4,8,16)
- U (16,8)
- V (2,4,8,9,16)



\* as defined in Article 2 (d) of Commission Regulation No 1266/2007: geographic areas where surveillance and/or protection zones have been demarcated by the Member States in accordance with Article 8 of Council Directive 2000/75/EC.

# UK Animal feed price index

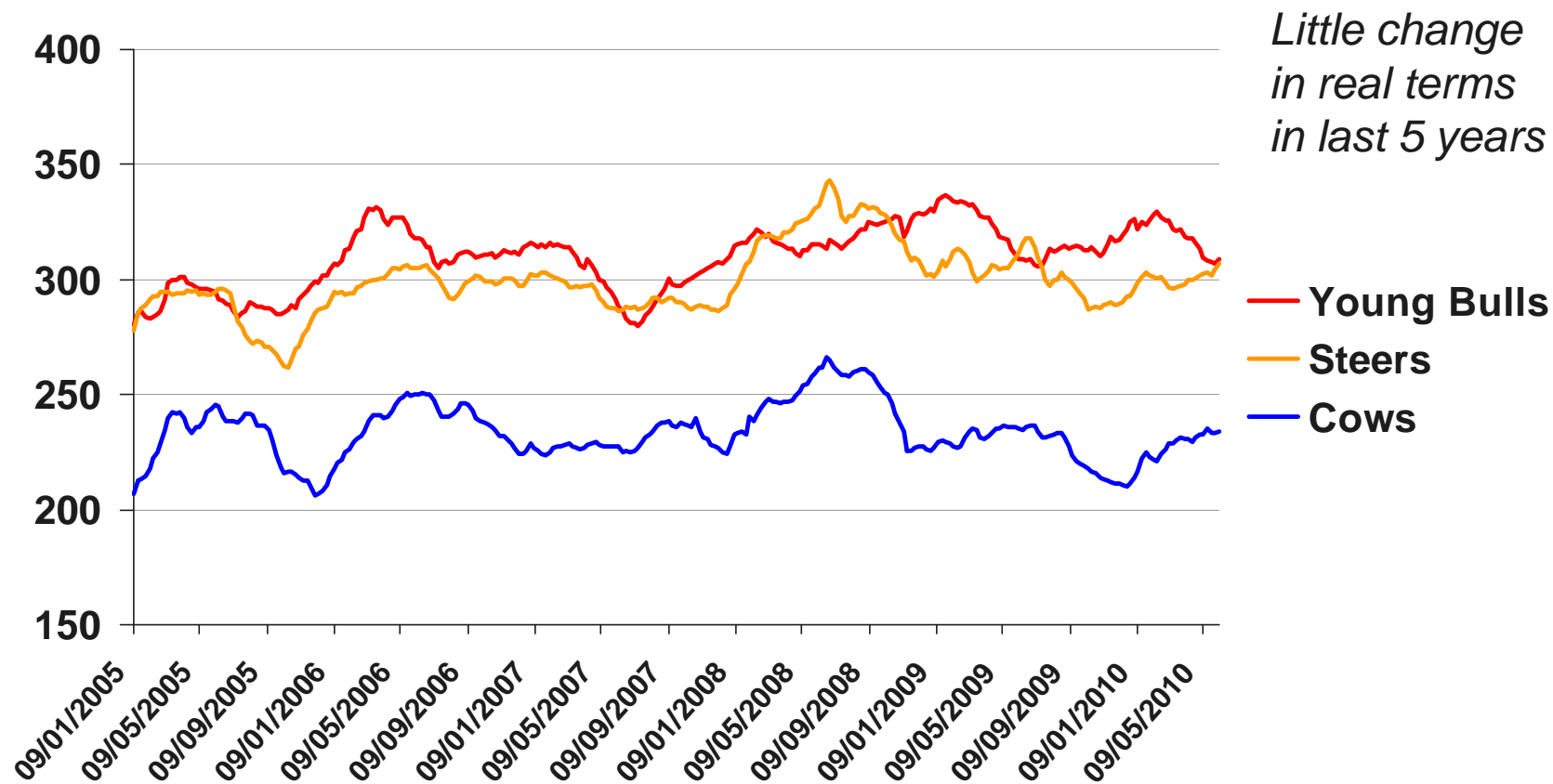
Index (2000 = 100)





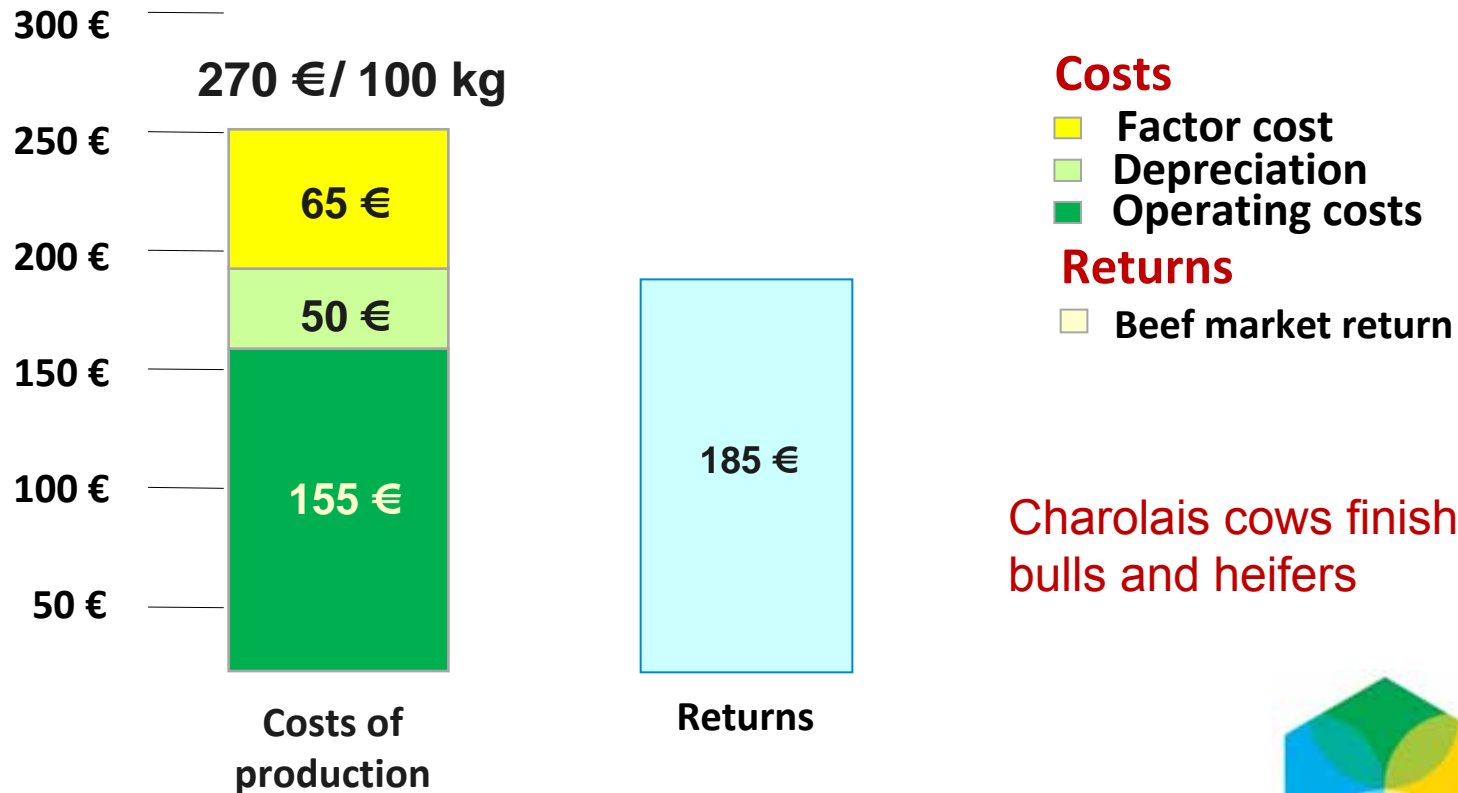
# EU beef farmgate price

Euros per 100 kg carcase wt



# Costs of production in a French suckler cow and finishing system

Unit = € / 100 kg live weight



# Structural issues

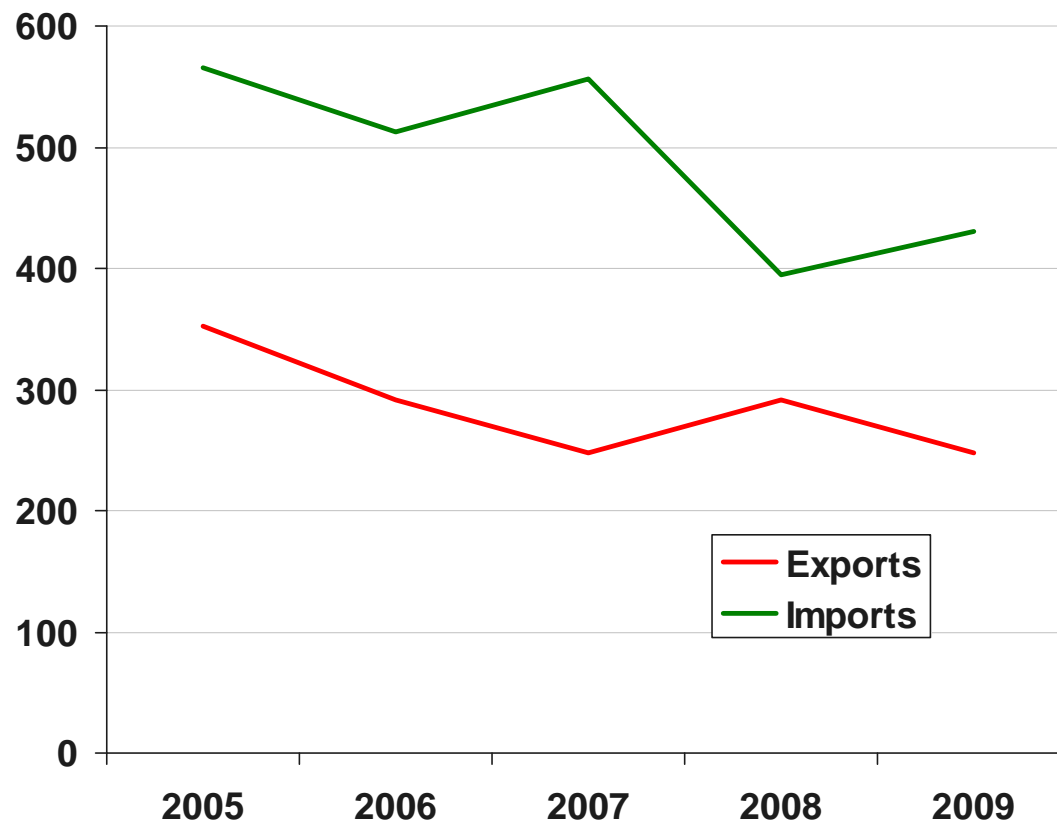
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- **Average age of farmers is high 50s**
- **Lack of new entrants/skilled labour coming into industry**
- **Low incomes has meant low investment**



# EU foreign trade declined in last 5 years

'000 tonnes cwe (beef & live animals)



## ***Main import sources***

Brazil	35% ↓
Argentina	28% ↑
Uruguay	18% ↑↑
Australia	4% ↑

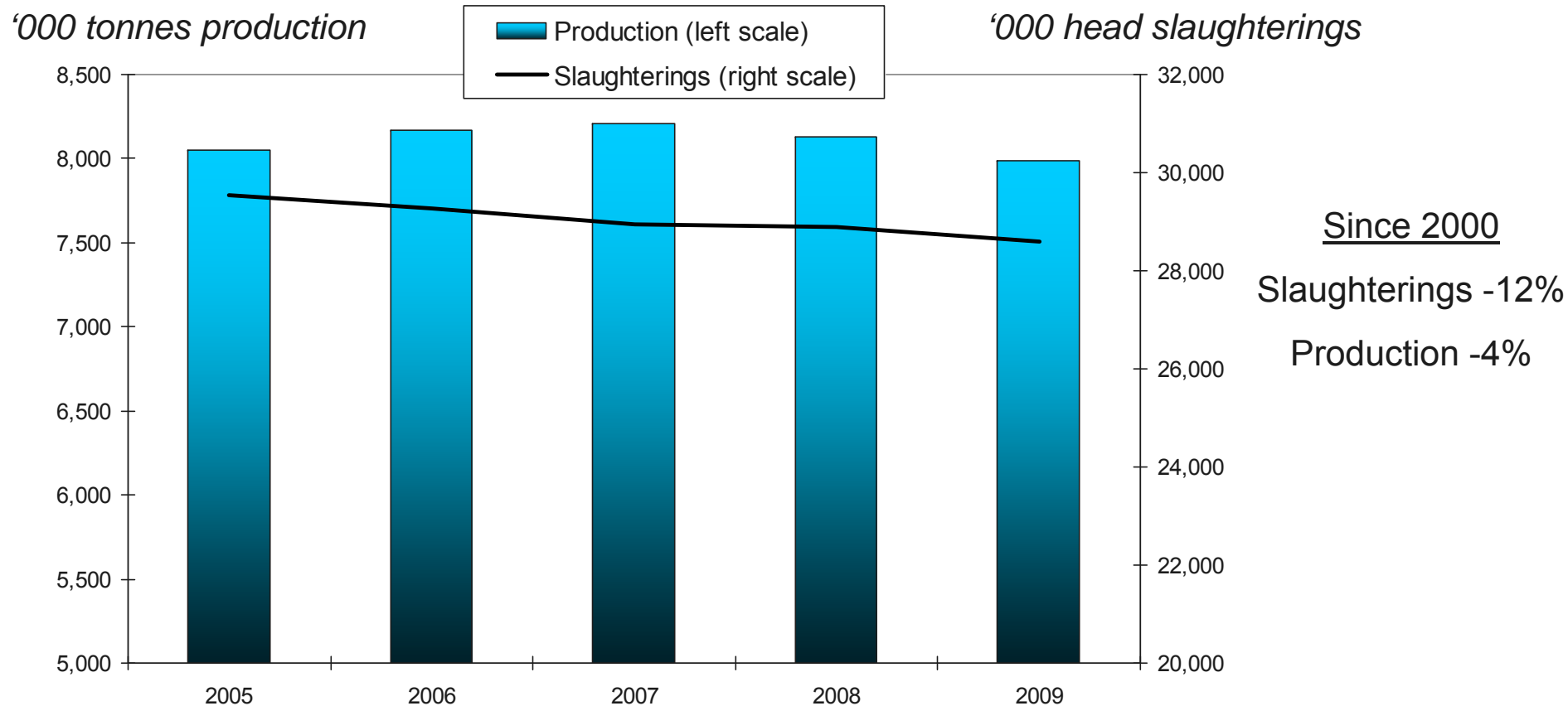
## ***Main export markets***

*Russia, Croatia,  
Switzerland, Ivory  
Coast*

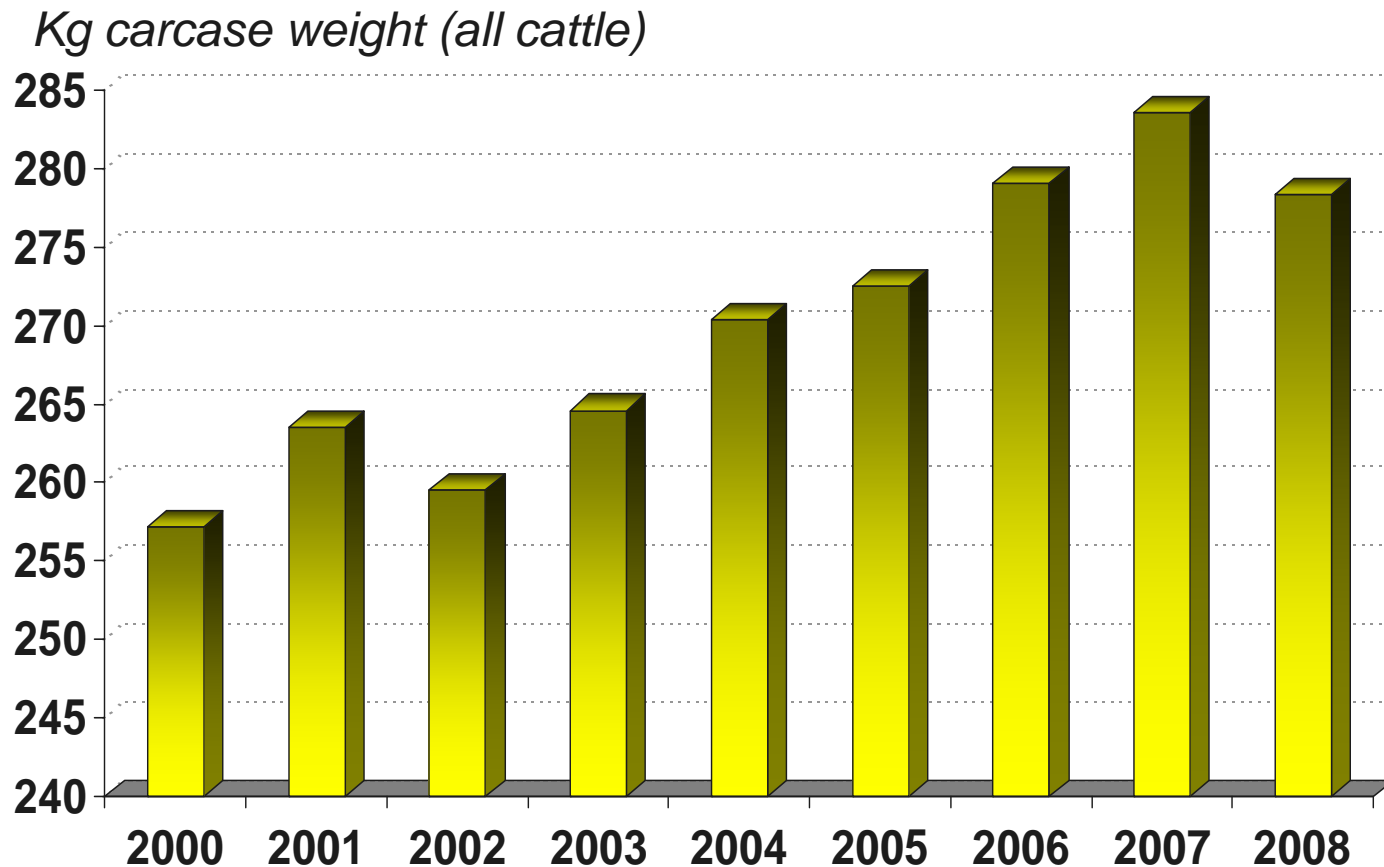
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# Impact on production and demand

# Decline in slaughterings and production



# Increasing carcass weights



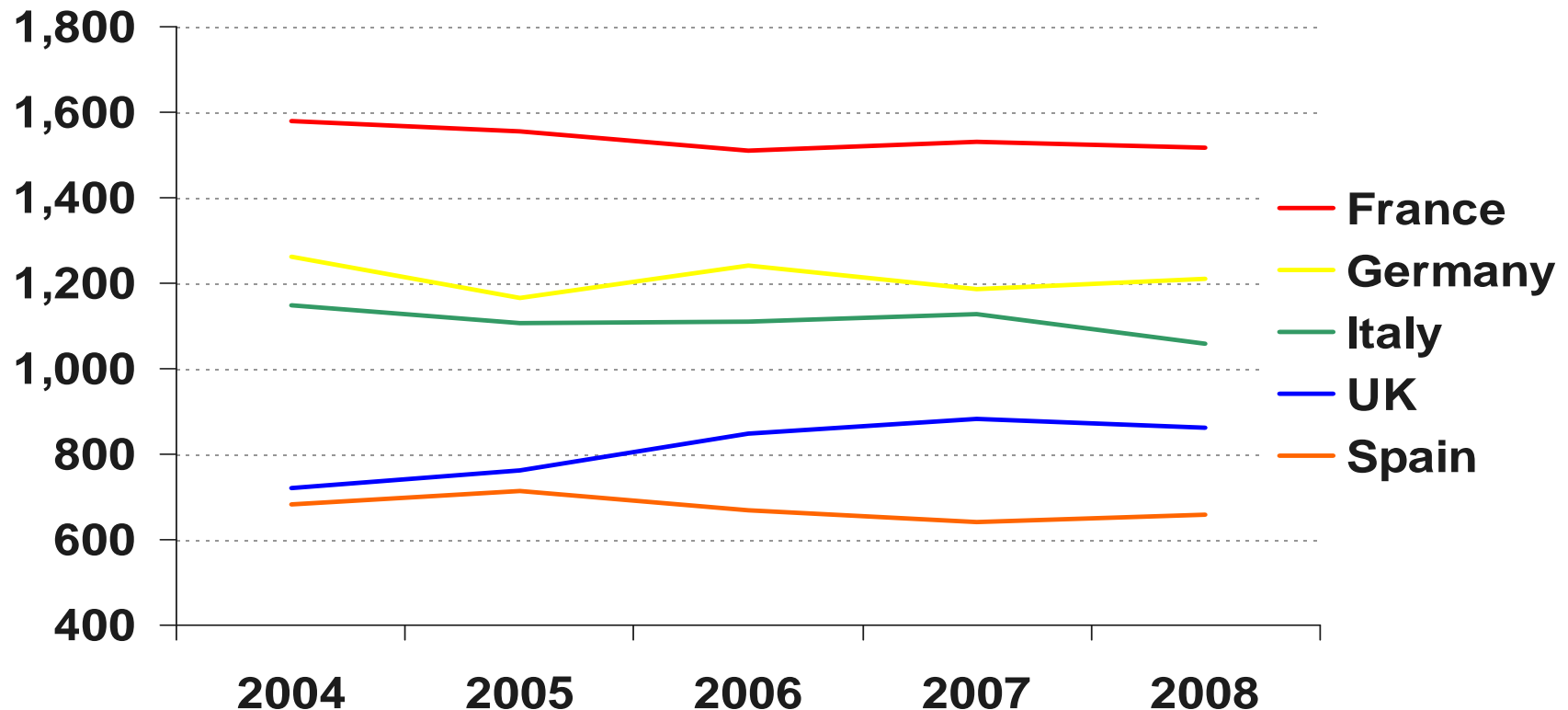
Weights increased by 8% or 19kg since 2000

- Better breeding
- Desire to increase weight of animal and value
- Better beef prices = increased feed



# Slow long term beef & veal production decline in France & Italy

'000 tonnes cwe



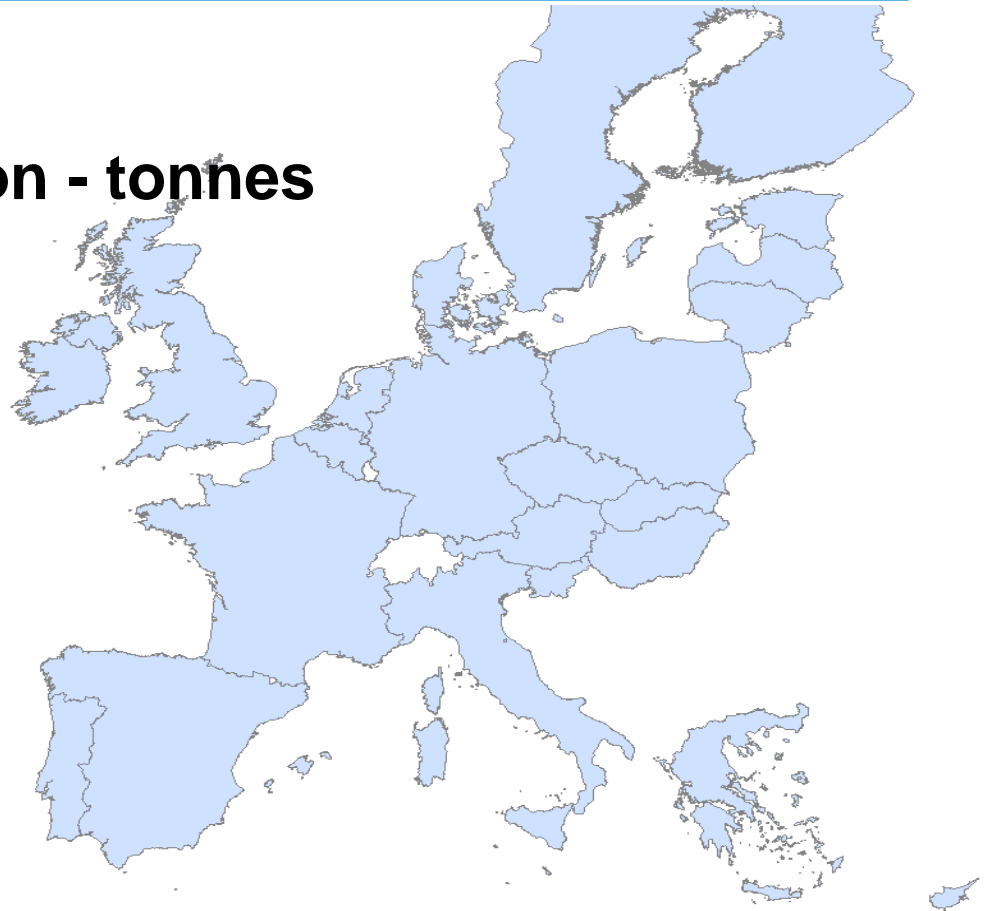


# What about demand?

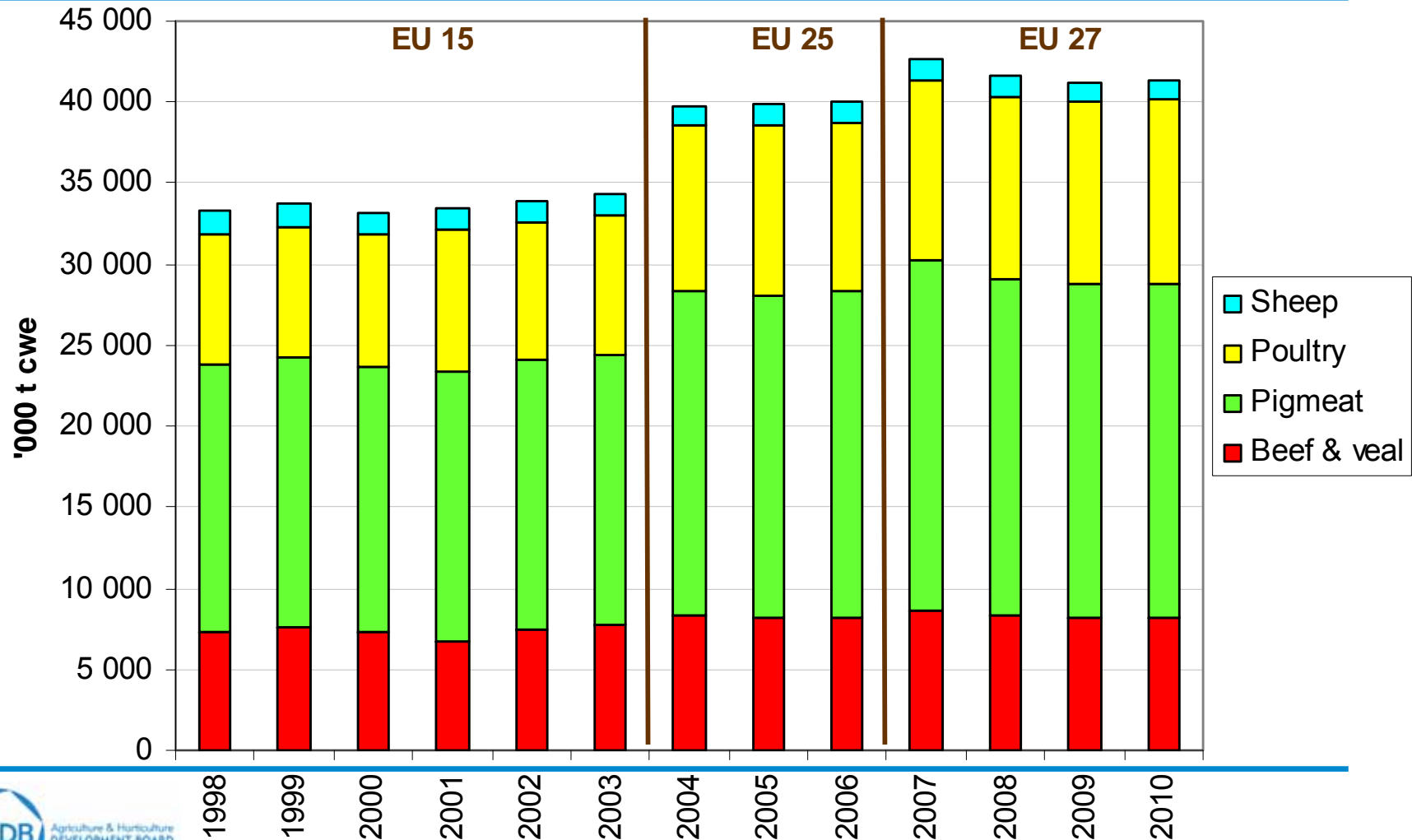
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## Beef and veal consumption - tonnes

	<b>EU-27</b>	<b>8.2 m</b>
<b>1.</b>	<b>France</b>	<b>1.6 m</b>
<b>2.</b>	<b>Italy</b>	<b>1.4 m</b>
<b>3.</b>	<b>UK</b>	<b>1.2 m</b>
<b>4.</b>	<b>Germany</b>	<b>1.0 m</b>
<b>5.</b>	<b>Spain</b>	<b>0.6 m</b>



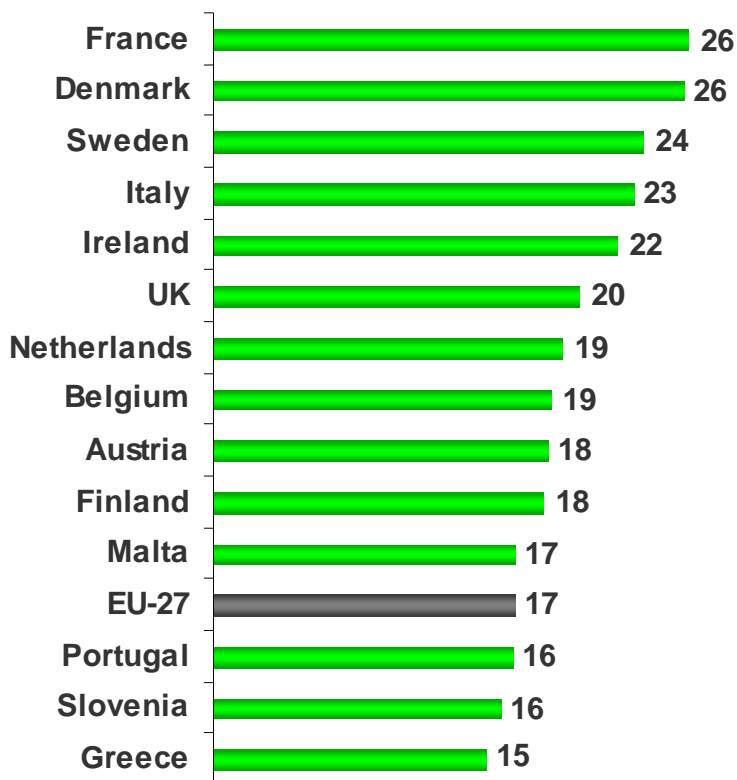
# EU meat consumption dominated by pigmeat



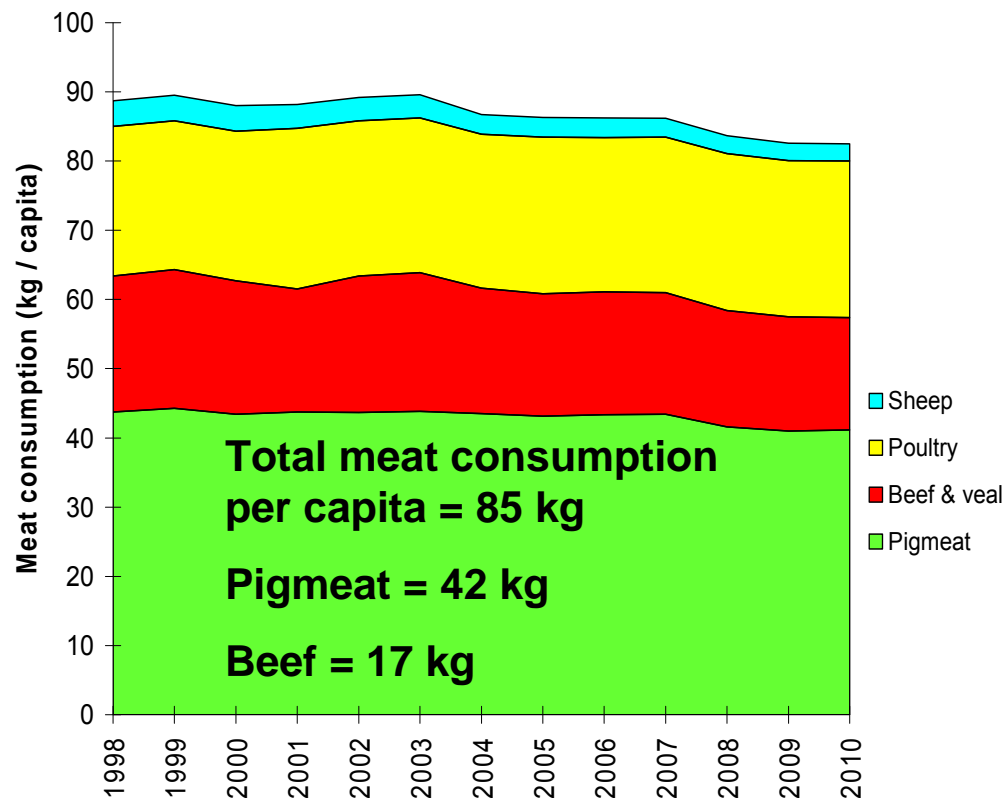


# Per-capita consumption

*Kg beef per capita*



*Long term decline in beef, sheepmeat consumption*





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# The next 5 years

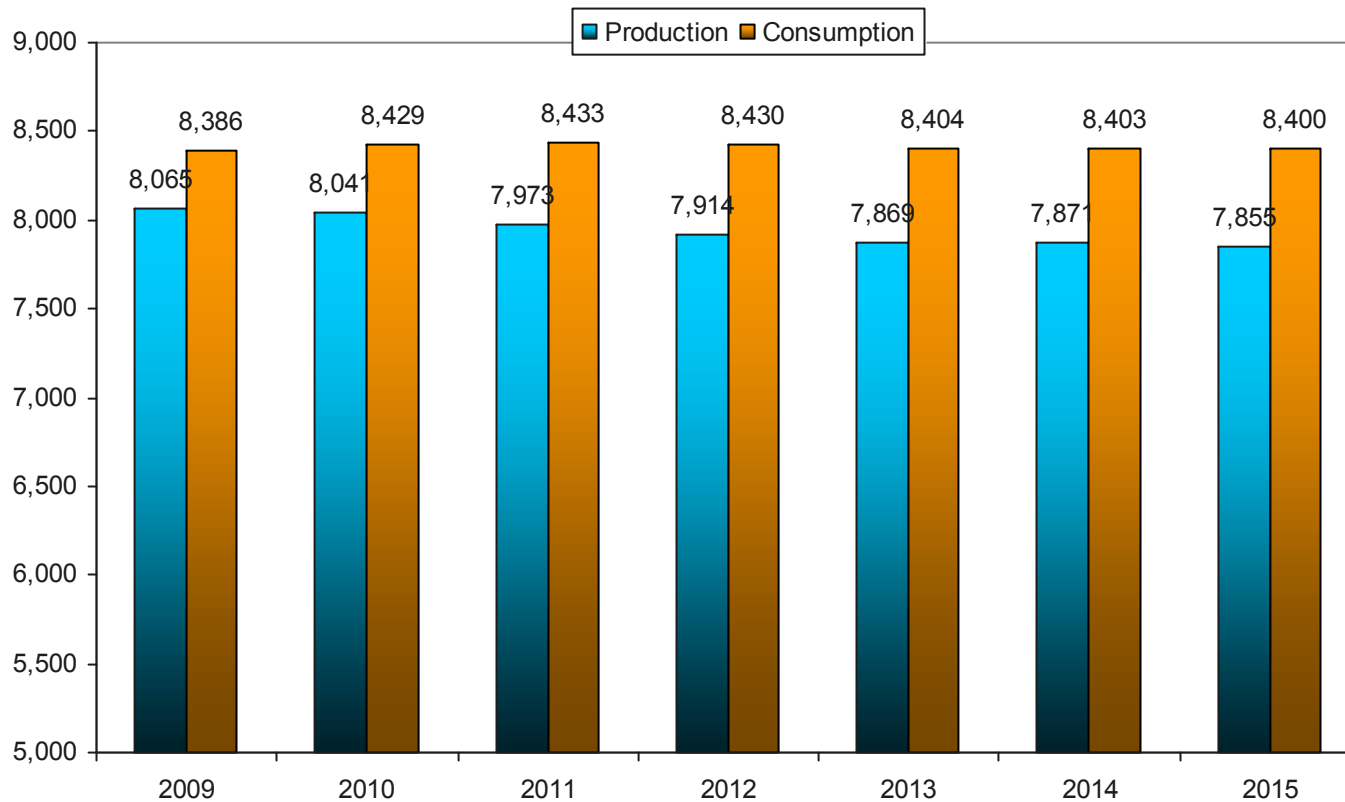
# Future issues for the European Union

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- **Common Agricultural Policy reform**
  - Current system survives until 2013
- **Input prices**
  - Rising costs
- **Economics**
  - Returns not covering costs of production
- **Disease**
  - Restrictions add burden and economic impact
- **Environmental impact of beef production**
  - Emissions, carbon footprint

# Production to decline, consumption remain stable to 2015

'000 tonnes

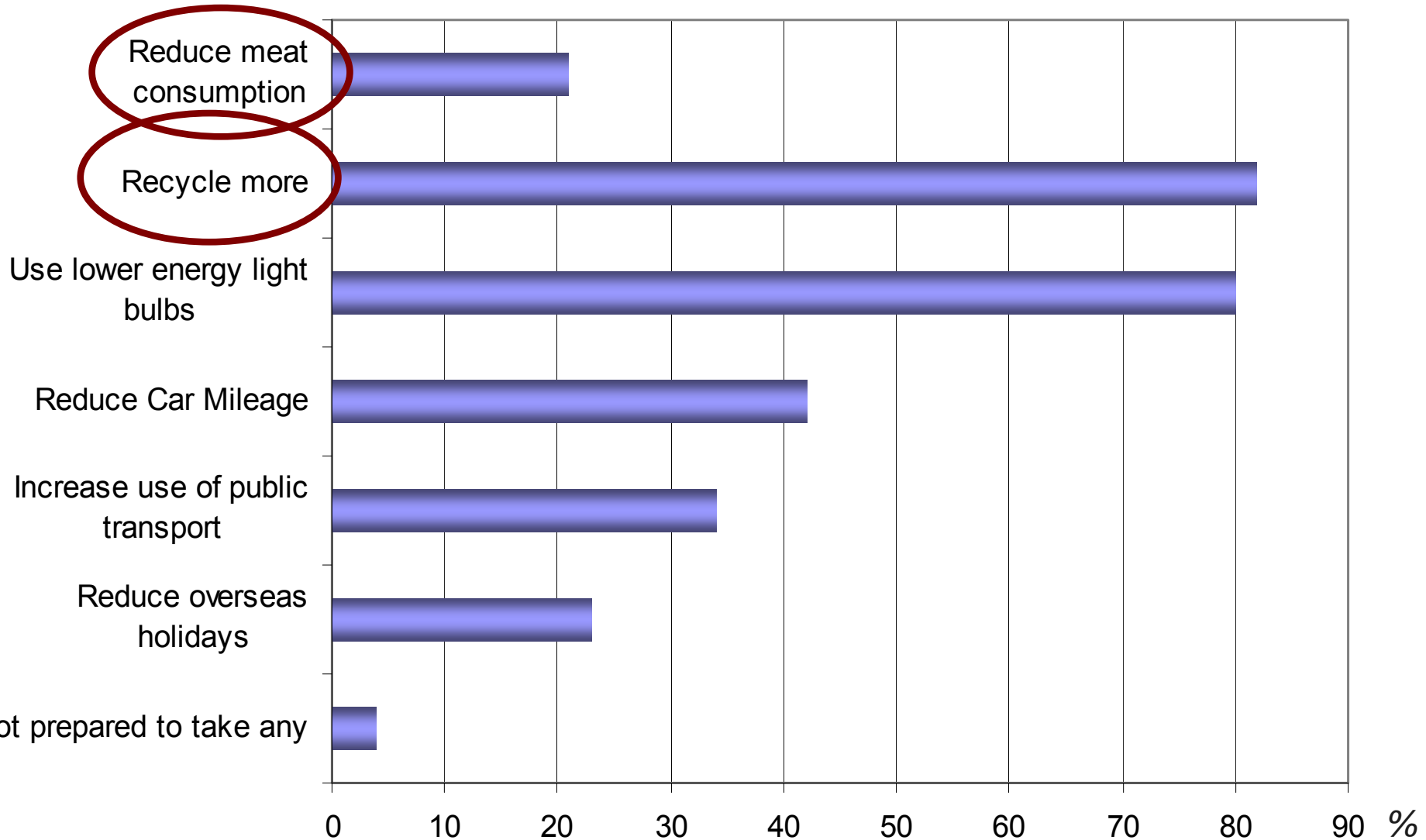


To 2015

*Production  
forecast to fall  
largely due to  
dairy herd  
changes*

*Consumption  
to remain  
relatively  
stable*

# Which if any of the following actions would you personally be prepared to take in order to reduce your own CO2 emissions?



# The answer to the emissions problem...

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