

## CHINA OFFERS STRONG POTENTIAL FOR NI AGRICULTURAL SECTOR

THE twentieth International Meat Secretariat (IMS) World Meat Congress was recently held in Beijing China in partnership with the China Meat Association with the key theme being 'Prospects for the Sustainable Development and Growth of the Global Meat Industry'. This biannual event attracts meat executives, policy makers, livestock producers and meat organisations from all over the world to debate and discuss future opportunities for the sector.

LMC attended the congress during June 2014 and supported the attendance of several key industry representatives from UFU, NIAPA and NIMEA. All of the delegates highlighted the strong potential that China offers the NI agricultural sector due to the rapidly rising demand for meat protein. If direct UK market access to China can be secured, the opportunity exists to supply traceable beef and lamb products which have been produced through safe and quality assured supply chains.

Each of the delegates in attendance found the congress extremely beneficial and the following article outlines some of the key perspectives and insights from members of the delegation. Summary reports from each of the delegates will be made available on the LMC website at [www.lmcni.com](http://www.lmcni.com)

### Ian Marshall (UFU President)

• Everyone is well aware of all the statistics regarding world population growth in the next few years, and everyone accepts that with limited land availability, water resource issues and environmental constraints, this promises to be quite a challenge for all the food producing regions to address.

• China without any doubt presents one of the best opportunities for food export, across many sectors due to the size and scale of the nation estimated to be in the region of 1.3 billion, and it's appetite for a more westernised diet.

• The Chinese position now appears to have moved from a nation unwilling to open up to imports to one that recognises that it will have to depend on imported food in conjunction with domestic growth and trade deals or partnerships with outside countries or companies will be essential to feed their people.

• China presents a great opportunity for another option.

### Gerry Maguire (Managing Director Linden Foods)

• The positive news is that China's fast growing economy (160% GDP growth from 2000 - 2014) and the increasing "middle class" population have a demand for more meat products. They have a taste for lamb and beef which are more expensive (beef prices increased 18% in 2013) and the demand would increase further if they could import more.

• China only processes 15% of all the meat products consumed and beef and lamb slaughtering are in decline. They have a lot of small farmer/producers and non-mechanical butchers involved in informal local meat supply and have a low level of concentration in the long supply chain. Breeding stock and slaughtering have been declining and there are problems with resistance to antibiotics and in most cases antibiotics don't work anymore because of previous overuse.

• 25% of the world's lamb and 50% of the world's pork production is consumed in China. Beef imports are expected to grow by approximately 7% per annum in line with the demand coming from the growing middle class and the overall increasing consumption of meat which is 2.5 times greater than the world's average consumption.

### Paddy Mc Elroy (LMC Board Member)

• It is clear that China represents a major centre for protein demand and that demand is growing

and will continue to grow. The main drivers of this demand are the large and growing population, increasing affluence of the Chinese people and the expanding upper and middle classes of that population. While the major meat product demand is for pork and chicken the country has a substantial demand for beef and sheep meat, which cannot be met by domestic production.

• Domestic production of beef increased by 2% last year, however demand has driven a 44% increase in beef imports last year. The leading beneficiaries of this demand have been Australia, Uruguay and New Zealand. Inner Mongolia is the major sheep meat production area of China with a sheep flock of 300m head with annual sheep meat production of 4m tonnes but demand is 5m tonnes.

• To set this in context, China can consume the equivalent of the entire sheep meat production of Australia. With demand for beef and sheep meat products significantly outstripping supply both categories have seen double digit price increases in 2013; beef prices rose by 18.5% and mutton rose by 14.3%.

• China has a vast potential as a market for beef and lamb and truly represents a great opportunity for NI producers and processors. We can offer quality and traceability and we can demonstrate sustainability. These are vital requirements at the top end of the Chinese meat market. We need to make every effort to position ourselves to take advantage of the outstanding opportunity that China offers.

### Ian Mark (LMC Board Member)

• Travelling as one of a group of eight industry stakeholders from Northern Ireland to China the first thing to note is that China is a long way away - some 14 hours flight time. However the same can be said of most international markets outside Europe. Thus transport and logistics become the

first major hurdles to be overcome when exploring international trade opportunities.

• Currently our access to the Chinese market is restricted mainly to back door entry via Hong Kong or Vietnam through a third party, and direct access would greatly help. Much of our current exporting involves 5th quarter type products which are quite difficult to amass in exportable quantities, and a move to include more mainstream products would greatly help our exporters.

• The presence of potential competitors was also highlighted, with Australia, Canada and Brazil and USA all making significant inroads into the Chinese market. The majority of mainstream beef and lamb cuts would come from Australia - fairly obvious given their natural geographic proximity.

• The congress itself had two main themes - Food Security and Food Safety. Both themes were fully explored and the relatively honest analysis by some Chinese speakers was welcome and illustrated the problems created by an ever increasing middle class in China with aspirations to a more protein based western diet. It is not that China is short of food per say, but it is short of the types of food being demanded by its population.

### Conclusion

Whilst we remain some way off yet exporting UK beef and lamb direct into mainland China, the announcement on 19 June 2014 of a new agreement between Defra and the Chinese authorities to begin negotiations on opening export routes for UK beef and lamb suppliers to China is very welcome. The agreement was achieved during UK and China trade talks hosted by the Prime Minister and the Foreign Office. LMC supports the work of the UK Export Certification Partnership and gaining direct access to the Chinese market, for the red and white meat sectors of UK industry, is a top priority for the Partnership.

## FQAS MART CLINICS JULY 2014

LOCATION	DAY	DATE
Omagh	Monday	07/07/2014
Saintfield	Wednesday	09/07/2014
Enniskillen	Thursday	17/07/2014
Ballymena	Friday	18/07/2014
Markethill	Tuesday	22/07/2014
Kilrea	Wednesday	23/07/2014

Image 1: This panel of meat industry leaders from China, Brazil, USA and Denmark at the recent International Meat Secretariat (IMS) World Meat Congress in Beijing run meat businesses with a collective turnover in excess of \$120 billion



### FQAS Helpline

If you have had a recent inspection and need help and advice to rectify any non-conformances, contact the FQAS helpline: 028 9263 3024

Answerphone Service  
Factory Quotes & Mart Results  
Updated 5pm Daily

Tel: 028 9263 3011

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Free Price Quotes sent to your mobile phone weekly

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# WEEKLY BEEF & LAMB MARKETS



## CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE		
(P/KG DW)	This Week 30/06/14	Next Week 07/07/14
<b>Prime</b>		
U-3	310-316p	312-318p
R-3	304-310p	306-312p
O+3	298-304p	300-306p
	Including bonuses where applicable	
<b>Cows</b>		
O+3 & better	230-250p	230-250p
Steakers	140-170p	140-170p
Blues	120-130p	120-130p

REPORTED NI CATTLE PRICES - P/KG			
W/E 28/06/14	Steers	Heifers	Young Bulls
U3	323.5	325.0	314.3
R3	321.5	318.3	310.8
O+3	309.5	311.5	294.2
Total	321.3	319.0	311.3

\*Prices exclude AAA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG				
w/e 28/06/14	Wgt <220kg	Wgt 220- 250kg	Wgt 250- 280kg	Wgt >280kg
O+3=	-	-	-	249.2
O-3+	-	220.8	220.0	240.4
P+2+	200.0	210.4	213.9	224.7
P+3+	-	-	221.5	229.6
P-1-	140.5	153.7	157.1	120.0

COMMODITY PRICE		
W/E 28/06/14	Price (£) per tonne / 1000litre	% weekly change
Barley	145.50	-0.7
Wheat	165.50	n/c
Straw	17.50	-

## Deadweight Cattle Trade

QUOTES from the plants this week for U-3 grade prime cattle ranged from 310-316p/kg with the majority of plants quoting 312-314p/kg for steers and 314-316p/kg for heifers. With numbers tightening quotes are expected to firm next week with the plants quoting 312-318p/kg. Quotes for O+3 cows range from 230-250p/kg across the plants.

With reports of reduced cattle availability throughput in the NI plants continued to decline with 4,807 prime cattle slaughtered last week. This is a six per cent reduction on the 5,138 prime cattle slaughtered the previous week and 21 per cent lower than the 6,082 head killed in the corresponding week last year. Prime cattle throughput for the year to date has totalled 164,022 head, a four per cent reduction on the 170,842 head killed in the same period last year. The cow kill in NI has remained steady with 1,376 cows killed last week. Imports of prime cattle from ROI for direct slaughter last week totalled 373 head and accounted for 8 per cent of the prime cattle kill in NI last week. A further 72 prime cattle were imported from GB for direct slaughter in NI plants last week. Meanwhile 71 prime cattle and 15 cows were exported from NI to GB for direct slaughter with four prime cattle and 75 cows making to journey to ROI plants for direct slaughter.

The deadweight cattle trade in NI has shown signs of stabilising with the average steer price last week unchanged at 312.7p/kg and the R3 steer price also unchanged at 322.3p/kg. The average heifer price in NI last week was 314.2p/kg, back 1.7p/kg from the previous week while the R3 heifer price was back 3.3p/kg to 319.3p/kg. Young bull prices generally recorded an improvement last week with the average price up 1p/kg to 293.2p/kg and the R3 price up 6.7p/kg to 310.5p/kg.

The trade in GB has also shown signs of stabilising with average steer and heifer prices last week within a penny of the previous week at 327.4p/kg and 330.7p/kg respectively. Average steer prices were back in the region of a penny in all the GB regions with the exception of Southern England where the average steer price increased by 4.4p/kg to 309.6p/kg. Deadweight prime cattle prices in Southern England remain broadly similar to prices in NI with an R3 steer price of 322.7p/kg compared to 322.3p/kg in NI. The R3 steer price in NI last week was 10.2p/kg lower than the GB R3 steer price of 332.5p/kg or £34 on a 330kg carcass. The differential in R3 heifer prices between NI and GB was 11.2p/kg last week or £37 on a 330kg carcass.

The deadweight cattle trade in ROI has continued to come under pressure with R3 steer and heifer prices back by 4c/kg and 6c/kg respectively. In sterling terms the R3 steer price in ROI last week was down 2.4p/kg to 289.5p/kg while the R3 heifer price was back by 3.9p/kg to 298.9p/kg. This puts the differential between ROI and NI at £108 on a R3 330kg steer carcass and £67 on a R3 330kg heifer carcass. The differential between ROI and GB last week was £142 on a R3 330kg steer carcass and £104 on a R3 330kg heifer carcass.

## LAST WEEK'S DEADWEIGHT CATTLE PRICES (UK / ROI)

W/E 28/06/2014	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	323.6	297.7	354.3	341.0	337.8	343.5
	R3	322.3	289.5	345.4	330.7	327.2	332.5
	R4	320.5	286.9	346.7	350.9	332.7	341.4
	O3	308.5	275.1	323.9	296.0	291.8	303.1
AVG	312.7	-	344.3	333.0	313.6	309.6	327.4
Heifers	U3	325.8	313.9	356.1	342.1	335.6	343.1
	R3	319.3	298.9	344.8	329.9	324.6	330.5
	R4	317.6	296.8	346.5	339.1	326.8	334.5
	O3	310.9	279.7	325.3	313.1	305.7	311.3
AVG	314.2	-	345.1	336.0	320.4	310.0	330.7
Young Bulls	U3	314.3	291.2	347.7	315.4	321.0	323.7
	R3	310.5	280.7	336.3	302.1	308.3	309.3
	O3	285.5	252.0	292.3	272.8	283.4	283.1
AVG	293.2	-	333.9	296.8	303.6	304.3	305.6
Prime Cattle Price Reported	3844	-	6809	5903	5571	4040	22323
Cows	O3	242.2	227.6	258.5	249.2	251.7	250.2
	O4	250.3	229.8	258.7	251.2	254.4	251.7
	P2	202.2	197.9	196.6	203.5	204.4	195.6
	P3	224.2	219.1	218.8	228.3	224.6	219.3
AVG	232.3	-	247.4	231.7	254.4	209.5	233.0

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=80.04p Stg  
(ii) Shading indicates a lower price than the previous week.  
(iii) AVG is the average of all grades in the category, not just those listed

LATEST LIVEWEIGHT CATTLE MART PRICES NI						
W/E 28/06/14	1st QUALITY			2nd QUALITY		
	From	To	Average	From	To	Average
<b>Finished Cattle (p/kg)</b>						
Steers	190	206	196	175	189	182
Friesians	140	157	146	110	136	124
Heifers	180	202	191	169	178	175
Beef Cows	137	176	150	100	136	118
Dairy Cows	105	130	116	75	104	90
<b>Store Cattle (p/kg)</b>						
Bullocks up to 400kg	190	208	201	147	182	166
Bullocks 400kg - 500kg	190	205	194	167	189	176
Bullocks over 500kg	185	200	191	158	183	173
Heifers up to 450kg	177	192	183	160	176	168
Heifers over 450kg	160	182	170	144	159	149
<b>Dropped Calves (£/head)</b>						
Continental Bulls	275	385	310	175	270	225
Continental Heifers	185	285	235	80	182	130
Friesian Bulls	60	125	90	10	58	35
Holstein Bulls	25	90	50	2	24	15

# SHEEP TRADE

## HOGGET/LAMB QUOTES

(P/Kg DW)	This Week 23/06/14	Next Week 30/06/14
Lambs	380-390>21kg	370>21kg

## REPORTED LAMB PRICES - P/KG

(P/KG DW)	W/E 14/06/14	W/E 21/06/14	W/E 28/06/14
NI Liveweight	422.0	406.2	372.7
NI Deadweight	434.4	428.8	424.2
ROI Deadweight	430.0	411.7	412.3
GB Deadweight	521.1	502.1	469.1

## Deadweight Sheep Trade

**Q**UOTES from the NI plants came back this week to 380-390p/kg with the processors reporting strong supplies of lambs coming forward for slaughter. Throughput in the NI plants last week totalled 12,361 head bringing throughput for the month of June to 42,735 head. This is an increase of 35 per cent on the 31,570 lambs slaughtered in NI plants during June 2013. Imports of lambs from ROI for direct slaughter in NI plants last week totalled 482 head while exports from NI to ROI totalled 4,271. This is a reduction of 1,103 head from the previous week when 5,826 made the journey to ROI plants. The deadweight lamb price in NI last week averaged 424.2p/kg, back 4.6p/kg from the previous week. Meanwhile in GB the deadweight lamb price was back by 33p/kg to 469.1p/kg last week.

## This Week's Marts

**W**ITH reduced quotes from the plants and increased lamb availability this week the majority of marts have reported a more subdued trade. In Kilrea on Monday 700 lambs sold from 326-352p/kg compared to 550 lambs last week selling from 396-411p/kg. In Saintfield on Tuesday 683 lambs sold from 325-370p/kg compared to 604 lambs last week selling from 370-430p/kg. In Rathfriland on Tuesday 641 lambs sold to an average of 348p/kg while in Ballymena on Wednesday 809 lambs sold to an average of 320p/kg. The cull ewe trade has also come under pressure but the marts have reported a steady demand for well fleshed ewes. Top prices generally ranged from £70-90 with a top price of £98 reported in Donemana last Saturday.

## LATEST SHEEP MARTS

From: 21/06/14		Lambs (P/KG LW)			
To: 27/06/14		No	From	To	Avg
Saturday	Donemana	730	353	364	361
	Omagh	1039	342	373	-
	Swatragh	650	330	372	-
Monday	Kilrea	700	326	352	-
Tuesday	Saintfield	683	325	370	-
	Rathfriland	641	330	368	348
Wednesday	Ballymena	809	300	342	320
	Enniskillen	408	338	357	-
	Markethill	800	300	357	-
	Armoy	374	330	375	-

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