

NI EXPORTS TO GB FOR DIRECT SLAUGHTER

THE export of prime cattle from NI to GB for direct slaughter has been a valuable outlet for the NI beef sector in years gone by and has allowed some NI beef producers to benefit from the higher deadweight prices available for prime cattle in GB at times when the differential is greater than the cost of transport

The number of cattle making the journey across the Irish Sea is influenced by the supply and demand of prime cattle both here in NI and on the mainland. The level of export is also heavily influenced by the differential in deadweight prices between the two regions as producers will not export cattle unless it is financially beneficial to do so.

In recent times the differential in deadweight prices between the two regions has all but disappeared as outlined in Figure 3. As a consequence the number of prime cattle being exported to GB for direct slaughter has also notably reduced.

The average differential in deadweight prices between the two regions for R3 grade steers during the first quarter of 2017 was 6p/kg which is the equivalent of £21 on a 350kg carcass. In the corresponding period in 2016 the differential in R3 steer prices between the regions was 20.1p/kg which is the equivalent of £70 on a 350kg carcass.

A report commissioned by LMC and completed by Oxford Economics in 2013 into the disparity in deadweight prices between NI and GB estimated that the cost of shipping prime cattle to GB for direct slaughter would cost the producer 10-12p/kg CWE.

With the differential well below this estimated cost of transport during the first quarter of 2017 it is unsurprising that the level of export from NI to GB for direct slaughter has recorded a notable decline year on year.

During the first quarter of 2017 prime cattle exports to GB for direct slaughter totalled 351 head. In the same period in 2016 prime cattle exports for direct slaughter totalled 1,768 head which accounts for an 80 per cent decline in the level of export year on year.

There has also been a notable decline in the number of male store cattle being exported from NI to GB for further breeding and production. The decline recorded in this trade is also likely to be driven by a reduction in the price differential between the two regions.

During the first quarter of 2017 1,186 male store cattle were exported from NI to GB for further production, a notable decline from the 2,450 head exported during the corresponding period in 2016.

This represents a 52 per cent decline in the level of export year on

Figure 3: Weekly price reported R3 steer prices in NI and GB from January 2016 to March 2017

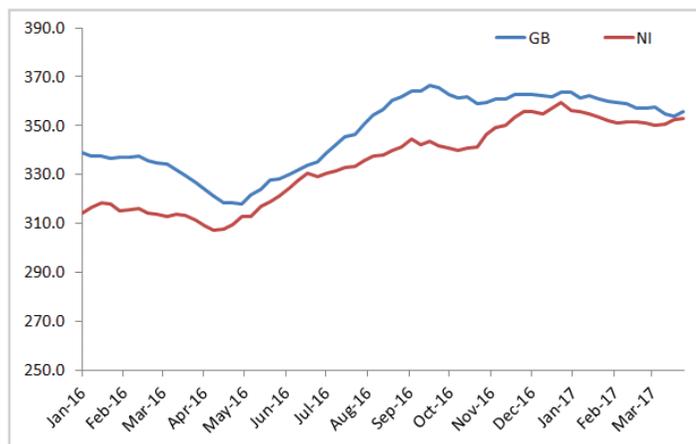
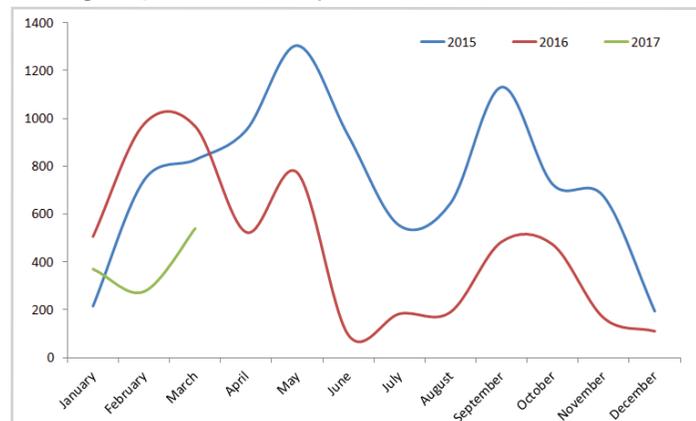


Figure 4: Monthly exports of male store cattle from NI to GB for further breeding and production January 2015 to March 2017



year and takes exports of male store cattle for further production to their lowest recorded level in the first quarter of the year since 2012. Lower imports of prime cattle from ROI into NI, both for direct slaughter and further production, has

increased demand from local processors and producers for locally produced cattle. This will have impacted upon the availability of cattle for export from NI to GB for both direct slaughter and further production.

FQAS NOTICE ONLINE PAYMENTS

LMC has launched an online payment system for the Farm Quality Assurance Scheme. This allows producers to pay annual membership renewal and initial registration fees through the LMC website.

www.lmcni.com



Information Point

LMC BULLETIN:

Read it Weekly in the Farming Life or online at www.lmcni.com

FARMGATE:

LMC Price Reports Weekday Mornings & Evenings on BBC Radio Ulster

LMC MARKET INFORMATION

LMC'S Market Information Services are designed to support, examine and inform the NI red meat industry. The service aspires to support producers and processors with their decision making by producing accurate and timely information that creates a better understanding of the trade.

LMC is committed to creating an environment where our stakeholders are well-informed whether this is through our Market Information publications, the provision of basic statistics, further analysis of this data or the delivery of information through public events.

LMC encourages all of its stakeholders to utilise the Market Information section of the LMC website which provides a valuable source of statistics relating to beef and sheep meat production. If you require any further information or analysis please contact us directly via email at bulletin@lmcni.com or via telephone at 028 9263 3000.

Contact us:
Website: www.lmcni.com
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LMC

QUARTERLY

April 2017

Issue No. 20

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BREXIT AND THE NI RED MEAT INDUSTRY

GIVEN Northern Ireland's geographical location it is the part of the UK which will be most uniquely affected by Brexit. The decision by the UK to leave the EU presents a significant challenge to the Northern Ireland red meat industry in particular and policy makers must recognise the critical nature of every decision during what is undoubtedly a pivotal time period for the sector.

UK Prime Minister Theresa May invoked Article 50 of the Treaty of the European Union on Wednesday 29 March. This move means that the UK should officially leave the EU no later than April 2019 and sets a two-year deadline to achieve a new relationship with the EU before Brexit finally takes place. Some officials however have indicated that this is an ambitious deadline and that the process could take significantly longer.

Theresa May has highlighted her commitment to continue to support British farmers following the UK's exit from the EU. At a recent meeting she said "The UK's high standards of food safety and of animal welfare will be a priority, while any trade deals we enter into will need to be right for consumers, for businesses, for farmers. We do have an opportunity to build a new future for our food and farming industry when we leave the EU and we recognise the need for certainty for businesses. We have already provided guarantees of support for farmers up to 2020".

As we begin to negotiate an exit from the EU there are a number of key priorities for the NI beef and sheepmeat sectors which policy makers need to consider.

Food support measures

Food support measures are critical to the long term sustainability of the NI beef and sheep industry. Policies must ensure that the NI agri-food sector can remain competitive and ultimately deliver affordable food to UK consumers.

Trade with the European Union

According to HMRC data 89% of UK beef and 96% of UK lamb exports were destined for the EU market during 2016. This highlights the importance of access to this major market outlet. The EU is one of the largest economic trading blocks in the world and the red meat industry in Northern Ireland has long standing trading relationships with many customers across the EU.

Tariff free access to the Single Market is essential and in the absence of a free trade deal, the UK Government should seek a transition plan with Europe for disengagement and phasing the introduction of tariffs in order to avoid short term shocks to the production and processing bases.

Exports

GB remains a key market for beef and lamb with significant opportunity to displace imports with domestic produce post Brexit. However to allow this to happen export markets must be accessible for the remainder of the carcass to make the profit calculation work. There are currently 53 trade agreements in place between the EU and third countries however following Brexit, access to these markets is no longer guaranteed. Resources must therefore be made available to allow these markets to be retained and new markets opened.

Imports

The underlying principle of any trade negotiations with non EU countries is that beef and lamb must not be sacrificed as part of any trade deal. Given the risk that Brexit poses to the future of the beef and sheep industry it is vital that beef and lamb are designated as sensitive products and therefore protected from tariff cuts.

Border with ROI

Government and policy makers must recognise that the border between NI/ROI is a unique issue. Live cattle and sheep trade between the two jurisdictions is critically important. For example, 45% of Northern Ireland lambs are typically processed in ROI annually. Tariff walls, disruption to the free movement of labour and the cost of regulation/bureaucracy are all notable concerns to NI beef and sheep industry stakeholders.

Regulation

The Great Repeal Bill will remove the European Communities Act of 1972 from the statute book and will enshrine all current EU law into UK law. The industry recognises the need for regulation however enforcement of regulation must be equitable and proportionate. Brexit provides an opportunity for de-regulation however a structured review of those regulations and their implementation should be conducted in conjunction with industry when there is a better understanding of the trading environment and the impact of any changes to regulation upon market access.

Labour Availability

Industry experience is that there is almost full employment of NI nationals who are willing and able

to work. The agri-food industry in NI depends heavily on migrant labour with up to 66% of operatives in some red meat processing plants holding non-UK passports.

While the issues outlined above provide a brief summary of some of the major issues that need to be considered as we negotiate our disengagement with the EU it is important to also highlight that Brexit presents an opportunity for the UK Government, and its devolved bodies, to create an agriculture policy that incentivises the efficient production of safe affordable food for consumers.

NI farmers can guarantee safe, traceable and environmentally sustainable beef and lamb provided that the correct support measures are implemented to maintain a technically efficient and skilled primary production base. Trade and environmental policies must then align to support the efficient production of raw material that is required to supply key markets.

Short term cheap food policies will not deliver a sustainable supply of UK beef and lamb produced to the standards that consumers demand. This is a once in a generation opportunity to implement policies that deliver a secure source of quality food.

In addition market access must remain a key focus for policy makers. As a region NI is a net exporter and partners in the red meat supply chain here cannot trade without vital market access to countries within and beyond the EU.

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

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SHEEP: CHINA AN IMPORTANT GLOBAL PLAYER

DOMESTIC sheep meat production is expected to record some growth in China during 2017 although much of this increase in total production is expected to come from an increase in the number of small/medium scale producers. With this in mind sheep production in China could be described as fragmented and informal despite it being the largest global sheepmeat producer according to the latest reports from GIRA

Despite this expected increase in domestic production in China during 2017 demand for sheepmeat imports from the global market are expected to remain steady as there is still a preference for imported lamb in high end retailers in the region. The level of imports during 2017 is expected to be back slightly from 2016 levels but still high from a historical perspective as indicated in Figure 1.

Sheepmeat is still a relatively new product on the Chinese mainstream market and benefitted from strong growth in the popularity of lamb hot-pots. While this popularity has reportedly waned in recent times domestic consumption of lamb in China was estimated at 3.4kg/head during 2016.

This is up from 2.7kg/head in 2005 however it is estimated that sheepmeat only accounts for three per cent of total meat consumption in China. In reality sheep meat consumption in the region is primarily focused on major urban centres with negligible consumption in rural areas.

Image 1: The growing popularity of lamb hot pots in China drove increased consumption



High retail prices and some issues with adulterated meat in China resulted in a weakening in demand for sheepmeat in more recent times. However with continued population growth, volume growth in the sector has continued, albeit at a slower rate than recorded previously.

Direct imports of sheep meat by China come predominantly from Australia and New Zealand. During 2016 66 per cent of sheepmeat imports were sourced from New Zealand with a further 32 per cent of imports originating in Australia. A small volume of sheepmeat will

also enter China via Hong Kong although this has been described as insignificant with the largest majority of lamb imported by Hong Kong now being used for the local market and not moving on into the Chinese market as was happening previously.

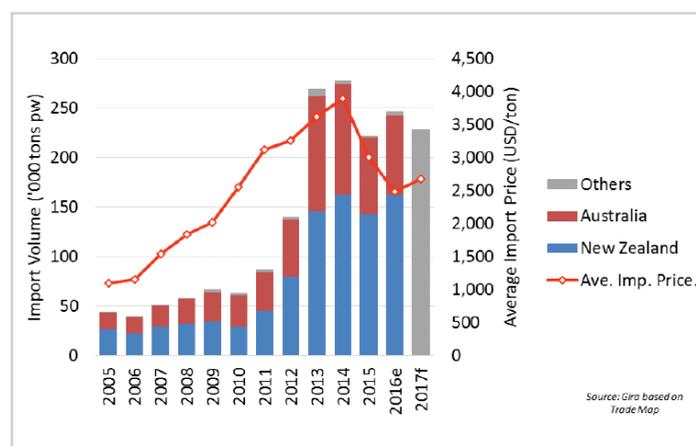
Import prices have come under pressure also as outlined in Figure 1 (red line). The increased domestic supplies and more subdued domestic demand has been reflected in the prices being paid for imported sheepmeat although even with lower import prices China continues to have a huge influence on the global sheepmeat market.

The lower import prices have

resulted in lower retail prices in China which may stimulate increased demand for sheepmeat as meat consumption in China can be described as price sensitive. The latest figures from GIRA have indicated that retail sheepmeat prices are now lower than beef while the differential in retail prices between lamb and pork are at their lowest level in the last three years.

The combination of these factors may help stimulate an increase in demand for sheepmeat in China in 2017 however it remains to be seen if this will have any impact on the level of imports when we consider the expected increase in domestic production.

Figure 1: Direct Chinese Sheepmeat Imports by Source 2005-2017(f)
Source: GIRA



CELEBRATION AS LMC CELEBRATES 50 YEARS

THE Livestock and Meat Commission (LMC) is hosting a series of initiatives to celebrate 50 years of LMC and the 25th anniversary of its Northern Ireland Beef and Lamb Farm Quality Assurance Scheme (FQAS).

Much has changed in the red meat industry in the 50 years since LMC was established in August 1967 and, whilst LMC continues to support its stakeholders to prepare for the challenges and opportunities ahead, it is important to reflect and mark this significant milestone.

LMC looks forward to welcoming stakeholders at Balmoral Show this year in what promises to be a bigger and better event than ever before at the new four day show. The LMC stand will be larger than previous years and will give visitors an opportunity to recall some of the key events in the past 50 years and

to sample some of the finest Farm Quality Assured beef and lamb from the present day. LMC will be celebrating our quality Northern Ireland livestock and farming skills at the show through sponsorship of the Beef Champion of Champions and Sheep Young Handlers competition.



2017 also marks the 25th anniversary of FQAS. The launch of what promises to be an exciting year ahead was hosted by Downpatrick suckler beef and sheep producer and FQAS member for 25 years Edward Carson in March. Following its official launch in 1992, FQAS was a key driver in delivering market access

throughout Europe for Northern Irish beef and lamb. This was particularly highlighted by the success of local processors in securing high value supply contracts with Dutch supermarkets.

FQAS certification is delivering added value to producers of between £100 and £150 per accredited beef animal and at an industry level the biggest benefit delivered by FQAS has been its role in allowing local red meat processors to present a positive and verifiable offering to secure new export markets and supply the critically important retail and food service markets in the UK. And this continues to be the case.



Today, it represents a pivotal assurance scheme for buyers in those domestic and export markets within which we are currently active. Finding additional export market opportunities for Northern Ireland's beef and lamb output will be a fundamental requirement Post-Brexit.

Over the past 50 years LMC has delivered on its mission to support, examine & inform the marketing and development of the Northern Ireland beef and sheep meat industry. Despite the significant challenges of events such as BSE, Foot & Mouth and challenging economic conditions the industry has refused to compromise on the high quality beef and lamb produced here. LMC will continue to evolve to meet the needs and challenges of the future as the industry prepares for the next 50 years.

BVD ERADICATION SCHEME UPDATE

THE BVD Eradication Scheme Order (NI) came into effect on the 01 March 2016 at the request of the NI cattle industry, making the tagging and testing of all new born calves for BVD compulsory. Bovine Viral Diarrhoea (BVD) is a production disease that impacts mainly at farm level and is endemic in Northern Ireland. The aim of the scheme is to reduce and ultimately eradicate BVD in Northern Ireland.

The presence of a BVD Persistently Infected (PI) animal in a breeding herd will, in one year, increase the risk of BVD PI calves being born in the following year. The early removal of these highly infectious animals is therefore critical to the success of BVD eradication.

To incentivise the removal of these BVD PI calves DAERA announced the opening of the BVD PI Removal Incentivisation Scheme which is being funded using exceptional adjustment aid. The scheme came into operation on the 01 February 2017 and will operate until 30 September 2017.

LMC are the delivery agent for the PI Removal Incentivisation Scheme on behalf of DAERA and as such may pay financial assistance to herd keepers as an incentive for the humane

destruction and disposal of BVD PI calves from their herds.

For an animal to be eligible for the compensatory payment it must have tested positive for the presence of BVD and have been confirmed dead on APHIS between the 01 February 2017 and the 30 September 2017. There are also a number of other eligibility criteria which must be fulfilled before payment can be awarded, further details of which can be found on the LMC, AHWNI and DAERA websites.

On a positive note 70 per cent of the claims received and processed by LMC to date under the BVD PI Removal Incentivisation Scheme have been successful and payments have been distributed for these animals over the past few weeks. For the other 30 per cent of claims there have been a variety of reasons identified which made them ineligible for payment. Of the reasons identified there are two which have occurred most frequently and that can be addressed by producers before any subsequent claims are submitted.

For those claims deemed ineligible 44 per cent of the calves did not have a date of death recorded on APHIS online or notified to DAERA

using an MC1 form within seven days of the animals declared date of death. This was the most common reason identified for ineligibility for payment under the scheme to date. Producers should be aware that it is a legal requirement for producers to notify DAERA of bovine deaths within this timeframe. It should also be noted that it is the responsibility of the keeper to notify any deaths to DAERA and not the responsibility of the disposal agent or rendering plant.

During the lifetime of the scheme to date 36 per cent of ineligible claims were for calves that had not been humanely destroyed within the timeframes required by the scheme. For animals to be deemed eligible for payment a date of death needs to be recorded on APHIS within four weeks of the keeper receiving a positive test result for BVD. Where a keeper opts to get a calf retested the date of death must be recorded on APHIS within six weeks from the date the keeper received their first positive test result.

For calves that meet all of the eligibility criteria of the scheme the rate of compensatory payment is determined using the calf's breed and sex information as held on

APHIS. Beef calves receive a payment of £160, dairy females a payment of £130 and dairy males a payment of £50. Farm businesses can claim payment for up to six test positive animals during the lifetime of the scheme.

Making a claim

Producers who may have an animal eligible for payment under the BVD PI Removal Incentivisation Scheme will receive a claim form from AHWNI following a positive test for BVD. Producers are encouraged to complete this form and return it to LMC for processing once the animal in question has been humanely destroyed and had its death registered on APHIS. Claim forms are also available on the LMC and AHWNI websites.

Producers are encouraged to consult the eligibility checklist outlined in Table 1 prior to submitting a claim for compensation to LMC.

All completed claim forms should be sent to
BVD PI Removal Incentivisation Scheme
Livestock and Meat Commission
1A Lissue Walk
Lissue Industrial Estate (East)
Lisburn
BT28 2LU

Table 1: Checklist for BVD PI Removal Incentivisation Scheme

	Question	Yes/No
1	Are you the owner of the calf?	
2	Is the calf dead?	
3	Did you notify the death of the calf to DAERA correctly (via APHIS online or on the MC1 document received by DAERA) within 7 days of its date of death?*	
4	Has the death of the calf been notified on or after 1 February 2017?	
5	Did you record its birth correctly on APHIS? In all cases the birth of the calf must be notified to DAERA not later than 27 days following the birth.	
6	Was a tissue sample taken from the calf within 20 days of birth?	
7	Did you send that sample to an approved laboratory for testing within the next 7 days?	
8	Has the calf tested positive for BVD?	
9	Was the calf humanely destroyed?	
10	Did you keep the calf in its herd of origin until it was humanely destroyed?	
11	Was the calf dead (and notified to DAERA) within 4 weeks of receiving a positive BVD result?	
12	If you asked for a re-test, was the calf dead (and notified to DAERA) within 6 weeks of receiving the initial positive BVD result?	

If your answer to any of these questions is "No" your calf is unlikely to be eligible for payment. If you have any queries on the following, please contact the Livestock & Meat Commission (LMC) at 028 9263 3000.

SCHEME CONTACT DETAILS

Queries relating to making a claim and for information regarding scheme eligibility should be directed to LMC on 028 9263 3000.

Queries relating to the testing of animals and accessing test results should be directed to AHWNI on 028 7963 9333.

Queries relating to recording and confirming birth and death information on APHIS should be directed to the DAERA helpline on 0300 200 7840.

Figure 2: Breakdown of claims for compensation received and processed by LMC to date under the BVD PI Removal Incentivisation Scheme

