

STRONG DECLINE IN LAMB AND MUTTON IMPORTS TO THE UK

There has been a strong decline in lamb/mutton imports to the UK during 2020 when compared to both 2018 and 2019 levels.

According to the latest available data from HMRC, lamb/mutton imports totalled 58,504 tonnes during 2020. This is a seven per cent decline from 2019 levels and a more significant 25 per cent decline when compared to 2018.

EU Imports

The amount of lamb/mutton imported in to the UK from EU countries totalled 10,045 tonnes during 2020 which is a notable decrease from the 14,698 tonnes imported during 2019.

The largest EU source of lamb/mutton continues to be Ireland which exported 6,170

tonnes during 2020 and accounted for over 60 per cent of total imports from the EU. These levels have declined by 3,111 tonnes or 34 per cent when compared to 2019 levels.

Imports of lamb/mutton from Spain also recorded a proportionally large decrease in 2020, totalling 909 tonnes. Imports from this area declined by 42 per cent when compared to 2019 and 35 per cent when compared to 2018 figures as outlined in **Table 1**.

Non-EU Imports

Imports to the UK from non-EU countries totalled 48,458 tonnes of lamb/mutton during 2020. This was a one per cent increase from 2019 when 47,958 tonnes were imported from non-EU countries and a 23 per cent reduction from 2018 when 62,890 tonnes were

imported. Non-EU imports accounted for 83 per cent of total lamb/mutton imports to the UK in 2020.

New Zealand continues to be the largest exporter of lamb/mutton to the UK with a total of 38,113 tonnes imported from this region during 2020. This accounts for 79 per cent of non-EU imports and 65 per cent of the overall imports in to the UK. Imports from New Zealand have declined by two per cent in 2020 when compared to 2019 and 25 per cent when compared to 2018 levels.

The volume of lamb/mutton imported from Australia increased during 2020. Imports to the UK from this region totalled 8,523 tonnes, up by 19 per cent or 1,382 tonnes from 2019 levels.

Table 1: UK lamb/mutton imports during 2020, 2019 and 2018 (tonnes). Source: HMRC/AHDB

| | | 2018 | 2019 | 2020 | 2020/2018 % change | 2020/2019 % change |
|--------|--------------|---------------|---------------|---------------|-----------------------|-----------------------|
| EU | Ireland | 7,365 | 9,281 | 6,170 | -16% | -34% |
| | Spain | 1,392 | 1,564 | 909 | -35% | -42% |
| | France | 1,073 | 401 | 341 | -68% | -15% |
| | Other | 4,893 | 3,452 | 2,625 | -46% | -24% |
| | Total | 14,723 | 14,698 | 10,045 | -32% | -32% |
| Non-EU | New Zealand | 50,893 | 39,041 | 38,113 | -25% | -2% |
| | Australia | 9,681 | 7,141 | 8,523 | -12% | +19% |
| | Uruguay | 50 | 62 | - | -100% | -100% |
| | Argentina | 336 | 270 | 202 | -40% | -25% |
| | Other | 1,930 | 1,444 | 1,620 | -16% | +12% |
| | Total | 62,890 | 47,958 | 48,458 | -23% | +1% |

AGRICULTURAL FLAT RATE SCHEME

Since the beginning of 2021 there has been quite a bit of discussion in farming and industry circles about the Agricultural Flat Rate Scheme (AFRS) and in particular the changes to the scheme which were notified by HM Revenue Customs in January 2021.

Broadly, the AFRS for agriculture is an alternative to VAT registration for farmers engaged in qualifying activities. Farmers wishing to join the AFRS can apply to HMRC for a certificate. Once a certificate has been issued, farmers no longer need to submit VAT returns or account for, or reclaim, VAT. Instead, they can charge a flat rate addition (FRA) when selling qualifying goods and services to VAT registered customers. They can keep money charged in this way.

The flat rate addition is basically compensation for the input tax which they may no longer reclaim on purchases. The flat rate addition of 4 per cent can be added to the sale price of qualifying goods and services sold to VAT registered

customers even where these sales would be zero rated for VAT. This is because the flat rate addition is not a VAT rate or amount.

In Budget 2020, the UK government announced they would introduce new entry and exit rules for the AFRS. From 1 January 2021:

- Businesses can join the AFRS when their annual turnover for farming related activities is below £150,000.

- Businesses must notify HMRC once their annual turnover for farming related activities exceeds £230,000, to be deregistered from the scheme and register for VAT instead.

- Businesses with turnover for non-farming related activities that exceeds £85,000 will still be required to register for VAT and will be ineligible for the scheme.

The AFRS applies in respect of qualifying farming activities such as stock farming, although the existence of non-farming

activities does not stop a farmer from joining the AFRS. Where the turnover from non-farming activities is below the VAT registration threshold, the non-farming activities do not attract VAT, nor is the FRA charged.

If non-farming activities exceed the VAT registration threshold, the farmer can effectively split his business and register the non-farming part separately. The farming part can then operate under the AFRS if it qualifies against the criteria for the scheme. It is important that the non-farming part is run as a separate business and the people running it are not the people to whom a flat rate certificate has been granted.

In order to join the AFRS, an application must be made to HMRC (on form VAT 98 Flat Rate Scheme for Agriculture). HMRC may refuse to allow a person to join the AFRS if they would recover substantially more money through the scheme than the input tax they could recover through VAT registration.

LOWER CATTLE THROUGHPUT IN ROI

From the middle of January 2021, prime cattle throughput in the Republic of Ireland has been running below both 2020 and 2019 levels during the corresponding period as outlined in **Figure 1**.

Last week prime cattle throughput in beef processing plants in the Republic of Ireland decreased from the previous week, totalling 22,866 head. This is well behind the same week in 2020 when 27,290 cattle were processed.

Prime cattle throughput in the last six weeks has totalled 141,191 head which is a 17 per cent decrease from 2020 levels and a 14.5 per cent

decrease when compared to the same period in 2019.

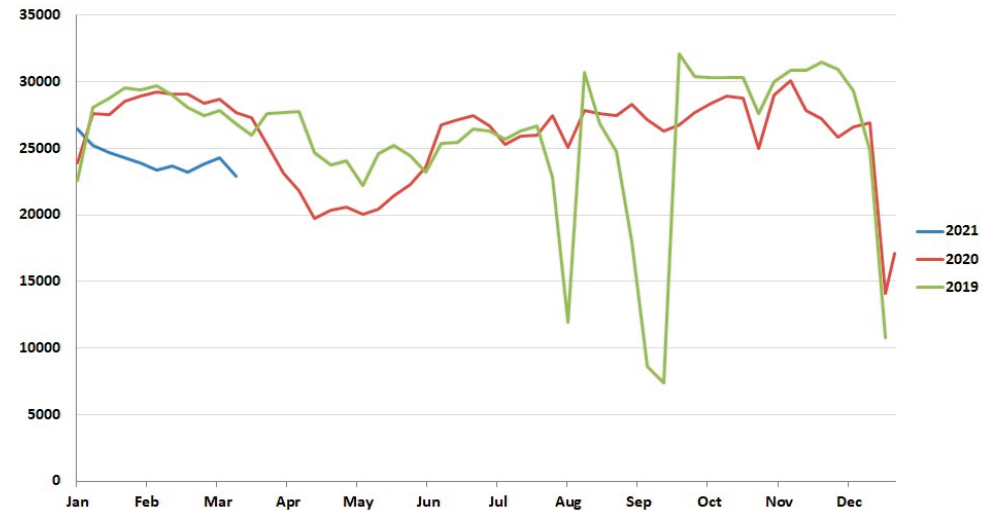
Cow Throughput

Cow throughput in the Republic of Ireland has followed a similar trend to prime cattle kill during the six weeks ending 20 March 2021.

The number of cows passing through processing plants in the Republic of Ireland during the last six weeks totalled 36,982 cows which is a decline of 5,882 head or 14 per cent from 2020 levels and a decline of 4,428 head or 11 per cent when compared to 2019.

Figure 1: Weekly prime cattle throughput in ROI processing plants during 2019, 2020 and 2021.

Source: DAFM



FQAS Helpline

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Tel: 028 9263 3000

WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

| (P/KG DW) | This Week 22/03/21 | Next Week 29/03/21 |
|--------------|----------------------------------|-----------------------|
| Prime | | |
| U-3 | 362 - 374p | 362 - 374p |
| R-3 | 356 - 368p | 356 - 368p |
| O+3 | 350 - 362p | 350 - 362p |
| P+3 | 296 - 312p | 296 - 312p |
| | Including bonus where applicable | |
| Cows | | |
| O+3 | 265 - 290p | 265 - 290p |

Cow quotes vary depending on weight and grade. Pricing policies vary from plant to plant. Producers are advised to check pricing policies before presenting cattle for slaughter.

Deadweight Cattle Trade

Base quotes from the major NI processors for in spec U-3 grade steers and heifers this week ranged from 362-374p/kg with the majority of plants quoting 366-374p/kg. The trade for cows improved this week with quotes for good quality O+3 grade cows in the region of 265-290p/kg across the plants.

Supplies of prime cattle for slaughter decreased last week to 5,898 head across the local plants. This is the lowest weekly throughput to date in 2021. This is also back 815 head when compared to the same week in 2020 when prime cattle throughput was 6,713 head. Cow throughput in NI last week totalled 1,669 head and accounted for almost 22 per cent of total cattle throughput in local plants. This is back 194 cows from the same week last year when cow throughput in NI totalled 1,863 head.

Imports from ROI for direct slaughter last week consisted of 288 prime cattle and 90 cows with no cattle imported from GB last week for direct slaughter. Exports from NI for direct slaughter in ROI last week included eight prime cattle and 26 cows while no cattle made the journey to GB for direct slaughter last week.

The deadweight prime cattle trade in NI last week generally improved across the majority of grades. The average steer price in NI last week was up just over 2p/kg to 372.7p/kg while the R3 steer price was up 1.4p/kg to 380.8p/kg. The average NI heifer price last week was up by 0.7p/kg from the previous week to 370.4p/kg while the R3 heifer price increased by 1.8p/kg to 379.9p/kg. The average young bull price in NI decreased by a penny to 355.5p/kg with the R3 young bull price up by half a penny to 367.8p/kg. Improvements were also reported in the NI cow trade last week with the average NI cow price increasing by 2.3p/kg to 257.6p/kg and the O3 cow price up by 4p/kg to 283.2p/kg.

In GB last week prime cattle deadweight prices strengthened across the majority of grades with prices increasing in the region of 6-9p/kg from the previous week. The average R3 steer price in GB increased by just over 6p/kg to 394p/kg with the average steer price increasing by 7p/kg to 389.2p/kg. The differential in the R3 steer price between NI and GB widened to 13.2p/kg last week. A similar trend was reported in the deadweight heifer trade last week with the overall average heifer price increasing by 8p/kg to 388.5p/kg and the R3 heifer price increasing by almost 7p/kg to 394.2p/kg. This puts the R3 heifer price in GB at 14.3p/kg ahead of the equivalent price in NI. The cow trade in GB also strengthened with the overall average cow price up by 5.2p/kg to 267.6p/kg and the O3 cow price increasing by 6.5p/kg to 289.5p/kg, 6.3p/kg higher than the O3 cow price in NI.

The deadweight prime cattle trade in ROI improved across all of the grades from the previous week. The R3 steer price was up almost a penny to the equivalent of 328.4p/kg, with the R3 heifer price increasing by 2.2p/kg to the equivalent of 332.7p/kg last week. The cow trade in ROI came back marginally by 0.3p/kg last week with an equivalent O3 cow price of 261.6p/kg, 21.6p/kg below the same price in NI.

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

| | W/E 20/03/21 | Northern Ireland | Rep of Ireland | Scotland | Northern England | Midlands & Wales | Southern England | GB |
|--------------------------------|-----------------|---------------------|-------------------|----------|---------------------|---------------------|---------------------|-------|
| Steers | U3 | 381.9 | 338.8 | 403.5 | 395.7 | 400.4 | 400.8 | 400.4 |
| | R3 | 380.8 | 328.4 | 400.9 | 394.0 | 392.2 | 391.3 | 394.0 |
| | R4 | 379.8 | 329.7 | 401.6 | 395.7 | 391.3 | 390.7 | 396.9 |
| | O3 | 368.0 | 314.1 | 387.9 | 379.3 | 372.1 | 368.3 | 375.2 |
| | AVG | 372.7 | - | 398.6 | 388.0 | 384.5 | 383.7 | 389.2 |
| Heifers | U3 | 383.2 | 344.1 | 406.0 | 398.6 | 404.5 | 403.0 | 403.1 |
| | R3 | 379.9 | 332.7 | 403.3 | 394.0 | 392.6 | 391.8 | 394.2 |
| | R4 | 377.3 | 333.4 | 403.6 | 393.4 | 391.2 | 389.8 | 396.0 |
| | O3 | 370.4 | 320.9 | 388.7 | 377.2 | 370.5 | 366.4 | 373.3 |
| | AVG | 370.4 | - | 400.5 | 387.2 | 383.1 | 382.1 | 388.5 |
| Young Bulls | U3 | 372.5 | 323.3 | 392.8 | 395.3 | 400.8 | 389.4 | 395.4 |
| | R3 | 367.8 | 314.2 | 388.2 | 386.0 | 388.9 | 377.3 | 387.5 |
| | O3 | 352.0 | 301.0 | 368.8 | 346.2 | 367.3 | 363.0 | 362.7 |
| | AVG | 355.5 | - | 381.1 | 365.1 | 369.7 | 373.3 | 371.6 |
| Prime Cattle Price Reported | 4736 | - | 6938 | 6716 | 7783 | 4432 | 25869 | |
| Cows | O3 | 283.2 | 261.6 | 290.9 | 290.6 | 289.8 | 284.7 | 289.5 |
| | O4 | 281.9 | 262.5 | 290.9 | 292.9 | 288.6 | 288.9 | 290.2 |
| | P2 | 242.7 | 237.7 | 244.6 | 246.4 | 247.4 | 247.3 | 247.1 |
| | P3 | 262.5 | 253.3 | 262.9 | 261.9 | 265.3 | 263.5 | 264.3 |
| | AVG | 257.6 | - | 285.0 | 278.2 | 260.2 | 261.6 | 267.6 |

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=85.72p 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 20/03/21 | 1st QUALITY | | | 2nd QUALITY | | |
|----------------------------------|-----------------|-------------|-----|-----|-------------|-----|-----|
| | | From | To | Avg | From | To | Avg |
| Finished Cattle (p/kg) | | | | | | | |
| Steers | | 235 | 245 | 238 | 205 | 234 | 218 |
| Friesians | | 167 | 184 | 177 | 150 | 166 | 158 |
| Heifers | | 227 | 240 | 230 | 208 | 226 | 215 |
| Beef Cows | | 160 | 207 | 174 | 130 | 159 | 140 |
| Dairy Cows | | 125 | 147 | 133 | 105 | 124 | 115 |
| Store Cattle (p/kg) | | | | | | | |
| Bullocks up to 400kg | | 250 | 294 | 270 | 210 | 249 | 225 |
| Bullocks 400kg - 500kg | | 226 | 259 | 243 | 200 | 225 | 218 |
| Bullocks over 500kg | | 210 | 234 | 220 | 175 | 209 | 195 |
| Heifers up to 450kg | | 235 | 267 | 252 | 210 | 234 | 222 |
| Heifers over 450kg | | 215 | 235 | 225 | 190 | 214 | 202 |
| Dropped Calves (£/head) | | | | | | | |
| Continental Bulls under 2 mths | | 400 | 490 | 430 | 300 | 395 | 350 |
| Continental Heifers under 2 mths | | 300 | 395 | 350 | 200 | 295 | 250 |
| Friesian Bulls under 4 mths | | 175 | 240 | 205 | 110 | 170 | 145 |
| Holstein Bulls under 4 mths | | 110 | 160 | 140 | 2 | 105 | 60 |

REPORTED NI CATTLE PRICES - P/KG

| W/E 20/03/21 | Steers | Heifers | Young Bulls |
|-----------------|--------|---------|----------------|
| U3 | 383.1 | 386.2 | 374.9 |
| R3 | 379.1 | 378.7 | 367.8 |
| O+3 | 370.5 | 371.4 | 358.4 |

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

| W/E 20/03/21 | Weight Bands | | | |
|-----------------|--------------|-----------|-----------|--------|
| | <220kg | 220-250kg | 250-280kg | >280kg |
| P1 | 180.8 | 189.7 | 203.7 | 209.9 |
| P2 | 208.5 | 221.5 | 242.1 | 254.3 |
| P3 | 196.0 | 240.0 | 257.9 | 267.0 |
| O3 | - | 275.0 | 278.8 | 283.7 |
| O4 | - | 240.0 | 278.2 | 282.2 |
| R3 | - | - | - | 301.5 |

SHEEP TRADE

NI SHEEP BASE QUOTES

| (P/Kg DW) | This Week 22/03/21 | Next Week 29/03/21 |
|--|-----------------------|-----------------------|
| R3 Hoggets up to 22kg (with one processor paying up to 23kg) | 590 - 630p | 590p |

REPORTED SHEEP PRICES

| (P/KG) | W/E 06/03/21 | W/E 13/03/21 | W/E 20/03/21 |
|----------------|-----------------|-----------------|-----------------|
| NI L/W Hoggets | 561.0 | 563.1 | 562.4 |
| NI D/W Hoggets | 589.7 | 612.7 | 625.9 |
| GB D/W Hoggets | 615.3 | 634.1 | 638.6 |
| ROI D/W | 588.7 | 592.3 | 623.5 |

Deadweight Sheep Trade

Base quotes from the major processors started this week ranging from 590-630p/kg for R3 grade hoggets up to 22kg with one processor paying up to 23kg. A total of 6,488 hoggets were processed locally last week, back 16 per cent from the previous week when throughput totalled 7,724 head. Exports of hoggets to ROI last week for direct slaughter totalled 3,489 head, back 252 head from the previous week when 3,741 hoggets were exported. A total of 51,018 hoggets have been exported to ROI for direct slaughter during 2021 to date, back 34 per cent on 2020 figures. The deadweight hogget price in NI last week increased by 13.2p/kg from the previous week to a record price of 625.9p/kg. In the same week last year the average NI deadweight hogget price reported was 479.5p/kg.

Liveweight Sheep Trade

The marts have continued to report smaller numbers of hoggets passing through the sale rings this week. In Omagh last Saturday 391 hoggets sold from 542-601p/kg compared to 616 hoggets the previous week selling from 574-641p/kg. On Tuesday in Saintfield 305 hoggets sold from 525-600p/kg compared to last week when 285 hoggets sold from 550-635p/kg. In Ballymena this week 463 hoggets sold from 550-637p/kg (avg 565p/kg) compared to 1,255 hoggets last week selling from 550-651p/kg (avg 566p/kg). In Markethill on Wednesday 780 hoggets sold from 550-602p/kg compared to 550 hoggets last week selling from 560-614p/kg. The cull ewe trade remains firm with top reported prices ranging from £125-£194 across the marts.

LATEST SHEEP MARTS (P/KG LW)

| From: 20/03/21 | | Hoggets | | | |
|----------------|-------------|---------|------|-----|-----|
| To: 25/03/21 | | No | From | To | Avg |
| Saturday | Omagh | 391 | 542 | 601 | - |
| | Swatragh | 600 | 438 | 621 | - |
| Monday | Massereene | 312 | 550 | 610 | - |
| | Kilrea | 260 | 585 | 652 | - |
| Tuesday | Saintfield | 305 | 525 | 600 | - |
| | Rathfriland | 308 | 500 | 610 | 570 |
| Wednesday | Ballymena | 463 | 550 | 637 | 565 |
| | Enniskillen | 558 | 532 | 618 | - |
| | Armoy | 309 | 535 | 616 | - |
| | Markethill | 780 | 550 | 602 | - |

Strict Covid - 19 restrictions are in place
across all of the livestock marts

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Contact us

T: 028 9263 3000
E: bulletin@lmcni.com
W: www.lmcni.com

