



KEY MESSAGES

-1.5%

Per capita meat consumption in 2023

-6.6%

Pigmeat production in 2023

+3.3%

Poultry production in 2023

+15%

Sheep imports on the rise in 2023

MEAT PRODUCTS

HIGHLIGHTS

Per capita meat consumption in the EU is expected to go down by 1.5% in 2023 due to price inflation and lower supply on the market.

EU beef production is expected to decrease further in 2023 by -3.1%, mainly due to a structural adjustment in the beef and dairy sector and low margins. EU imports could go down due to low production in the UK, while South America does not fully compensate for losses of imports from the UK. EU exports continue struggling with high domestic prices.

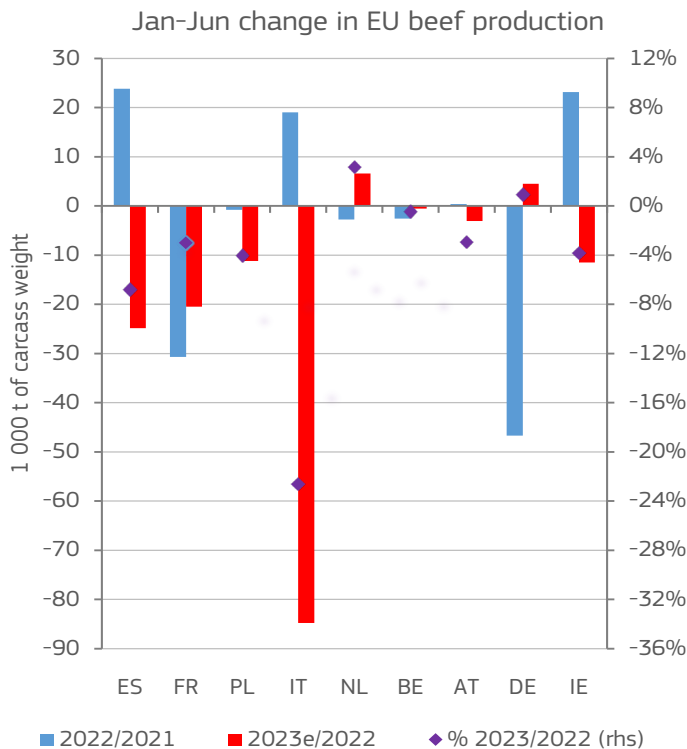
A smaller breeding herd as well as African Swine Fever (ASF) push EU pigmeat production further down by 6.6% in 2023, despite lower feed prices. Sustained domestic demand and lower demand from China slow down EU exports by 16% in 2023.

EU poultry production could benefit from a recovery of 3.3% in 2023 thanks to being one of the cheaper animal proteins available. On the other hand, EU poultry prices make exports less competitive. Brazil, Ukraine, and Thailand are sending substantial volumes to the EU (+12%), while UK records a massive decline.

The historically low EU sheep flock push slaughterings down by -1.8% in 2023. Sustained demand and high domestic prices favour more imports from New Zealand and UK (+15% in 2023).

BEEF AND VEAL

EU BEEF PRODUCTION DECLINING

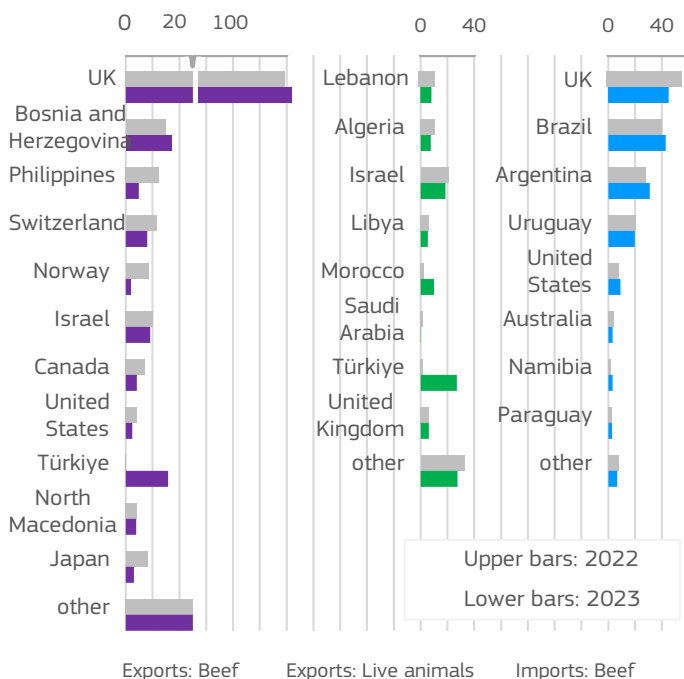


EU beef production recorded a -4.5% decline in the first half of 2023, mainly due to a significant decrease of slaughterings in IT (-23%). Grazing conditions were mediocre in some parts of the EU due to dry weather and feed prices were still relatively high although on a declining path. This lower beef supply continues supporting EU beef producer prices. By the end of the year, beef production is expected to recover slightly thanks to lower feed prices, and higher carcass weights. Some additional slaughterings linked to forage shortage at farm level in some EU countries is expected. Overall, a reduction in production of -3.1% in 2023 is foreseen on a yearly basis. If feed prices continue to decrease and make the fattening process more profitable, a smaller reduction of -1% might be expected in 2024, closer to the structural declining trend seen in previous years.

Despite high EU prices, imports are not covering the loss in EU production. Therefore, per capita EU beef consumption in 2023 drops to slightly less than 10kg (-3.5%). In addition, the current high inflation reduces consumer purchases or pushes the consumer to cheaper animal proteins. In 2024, a smaller drop of -1% is expected.

Source: DG Agriculture and Rural Development, based on Eurostat.

Jan-Jun EU beef trade (1 000 t carcass weight)



LOWER EU COMPETITIVENESS IN EXPORTS

As the beef supply in the EU is lower, domestic prices may stay relatively high, having a negative impact on the competitiveness of EU exports. The Turkish market reopened for beef imports, leading to additional shipments of live animals and meat starting from January this year and reaching around 10 000 tonnes per month in May. Also, the Moroccan market seems to reopen for live trade. Meat demand from the UK noted an increase as well of almost 2%. However, these changes do not cover the losses of meat exports in high-value markets such as Norway, Japan, and US.

On the other hand, the EU market could remain attractive for imports. Contrary to this expectation, EU beef imports showed a decline of 2.5% in Jan-June. The main reason is that imports from the UK are decreasing substantially (-20% in Jan-June) due to lower slaughterings in the UK. This drop from the EU's main trade partner is not compensated by increased imports from Brazil and Argentina. These find also rewarding markets in other parts of the world, thanks to a relatively tight beef market at global level. If this situation becomes more relaxed, EU imports could grow in 2024, currently expected by a modest +5%.

Source: DG Agriculture and Rural Development, based on Eurostat.

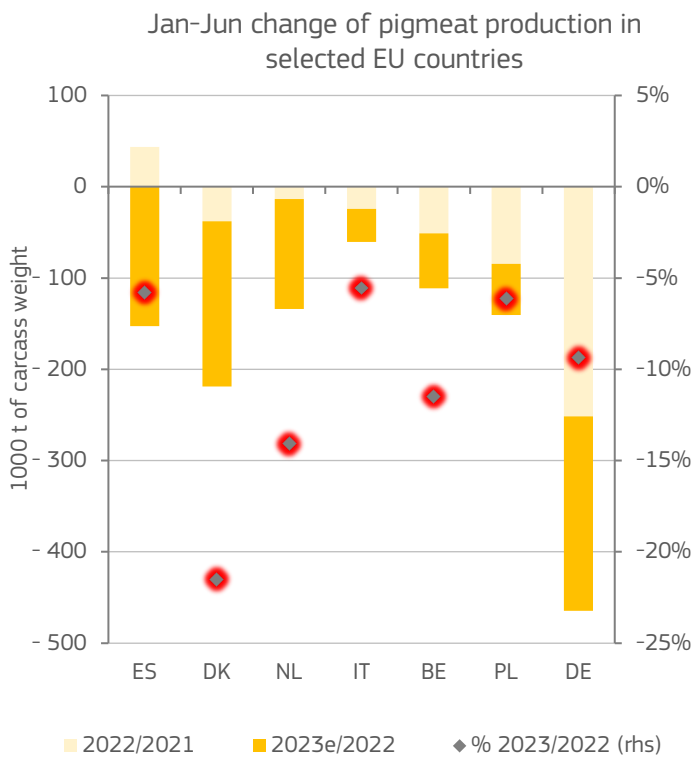


PIGMEAT

PRODUCTION ON DECLINE IN ALL EU COUNTRIES

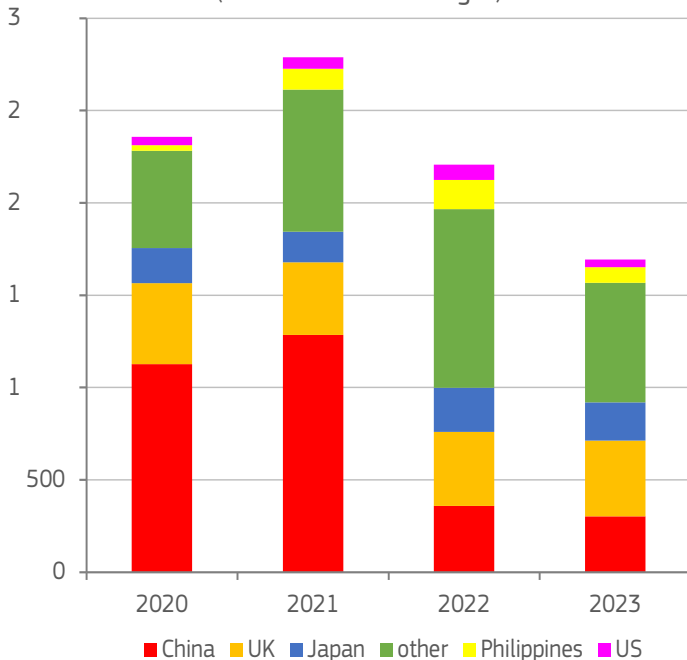
In the first half of 2023, EU pigmeat production went down by -8.6%. The biggest reductions were recorded in DE (-210 000 t or -9.4%), DK (-180 000 t or -21.5%) and ES (-150 000 t or -5.8%). This low EU supply leads to record high domestic prices. However, since July, EU producer prices started to show signs of a decline. As feed prices are decreasing and margins remain positive, carcass weights are expected to increase in the second half of the year. Overall, a production decline of -6.6% is expected in 2023.

At the same time, EU demand stays firm but given reduced supply, a drop in EU per capita consumption is expected (-5%, to 30.4 kg). Besides reduced supply, the consumer considerations about price increases play an important role, which leads to a reduction of pigmeat consumption or a switch to other types of meat. In particular, pigmeat consumption is often reduced to the benefit of poultry meat. If supply rebounds slightly, and so this increased availability could relax even more producer prices, a small increase in per capita consumption might appear in 2024 as a reaction to this.



Source: DG Agriculture and Rural Development, based on Eurostat.

Jan-Jun EU pigmeat exports by main partners (1 000 t carcass weight)



Source: DG Agriculture and Rural Development, based Eurostat

LESS COMPETITIVE EU PRICES HAMPER EXPORTS

Less competitive EU pigmeat prices make exports to the global market a real challenge. In the first half of 2023, EU exports recorded a decline of -20%. Pigmeat production in China is recovering and so less imports are needed.

At the same time, the EU loses market shares both in high-value markets (US, Japan, Australia) and low-value ones (e.g. Philippines) due to stronger price competition. Only the UK market shows a slight positive development (+2.4% in Jan-June). Overall, EU exports in 2023 could be down by -16%. If prices continue declining, some market shares might be regained, resulting in a 5% increase in 2024.

EU pigmeat imports from the UK decreased by almost 19% in the first half of 2023, following an increase of almost 28% in 2022. The reason behind is the current decline in UK production. As the UK represents more than ¾ of EU imports and no replacement of other origins is expected in the short term, EU pigmeat imports may decrease by 20% in 2023.



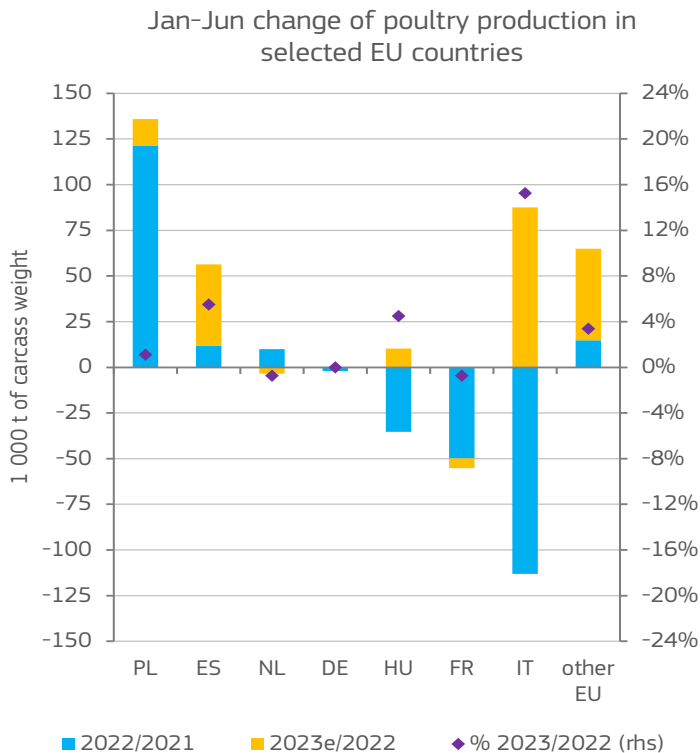
POULTRY

RECOVERY OF EU POULTRY PRODUCTION

Despite outbreaks of HPAI (but lower in intensity compared to 2022), EU poultry production continues its quick recovery. In the first half of 2023, EU slaughterings increased by 3.1%. This is mainly due to increases in IT (+15% or 87 000 t) and ES (+5.5% or 45 000 t). Placings of chicks were 1.2% up in the first half of 2023 year-on-year. By the end of 2023, production is revised upwards to 3.3%, taking into consideration a (further) reduction in feed and energy costs, and improving margins.

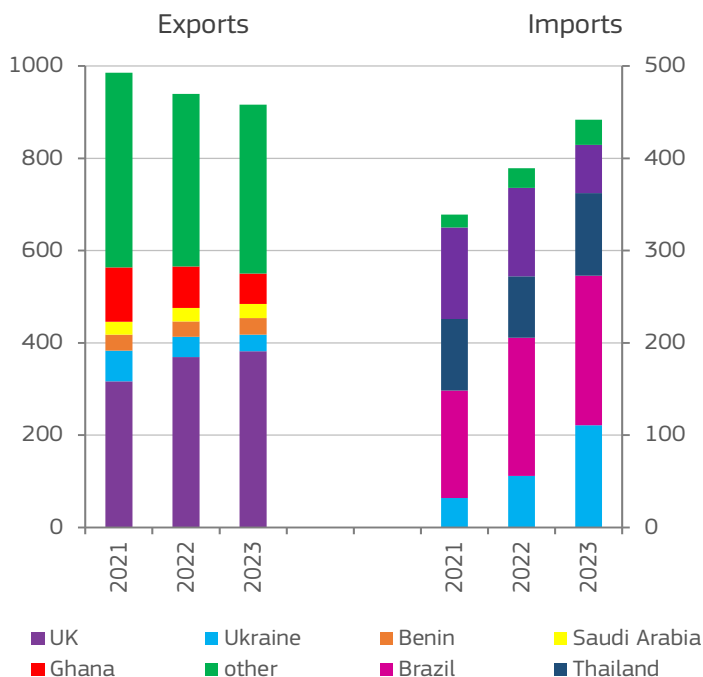
A smaller increase of 1.2% is foreseen in 2024 if price competition from other meats is higher. A similar incidence of HPAI as this year is assumed.

EU producer prices are now already more than a year above EUR 2 500/t. Since June-July 2023, a small downward move is visible, but prices are still at record levels. Nevertheless, poultry stays one of the cheapest animal protein sources for consumers.



Source: DG Agriculture and Rural Development, based on Eurostat.

Jan-Jun EU poultry trade by main partners (1 000 t carcass weight)



Source: DG Agriculture and Rural Development, based on Eurostat.

LOWER COMPETITIVENESS OF EU EXPORTS CONTINUES

In Jan-June 2023, EU imports grew by 13.5% (+52 000 t). On the one hand, there was almost a doubling in imports from Ukraine and substantial increases from Brazil (+8%) and Thailand (+35%). On the other hand, imports from the UK were down a staggering 46% (or almost 44 000 t). Overall, EU imports are expected to increase by 12% in 2023. This picture could change completely in case outbreaks of HPAI in commercial farms in Brazil are detected.

Despite a lower EU competitiveness, HPAI outbreaks which led either to country-wide bans or regionalisation, and the invasion of Ukraine, EU exports declined by a modest 2.5% in Jan-June, hiding large positive and negative changes depending on the destination. Among the losers were Ghana (-24 000 t), Liberia (-11 000 t) and Ukraine (-8 000 t), while UK (+12 600 t), Viet Nam (+8 400 t) and Angola (+ 5 000 t) reported clear gains. This decline should be reversed in 2024 if the EU prices regain some competitiveness.

Higher domestic availability, both through EU production and imports, and lower prices compared to other animal protein sources are expected to support EU per capita consumption growth in 2023 of close to 1 kg (+4.3% year-on-year).

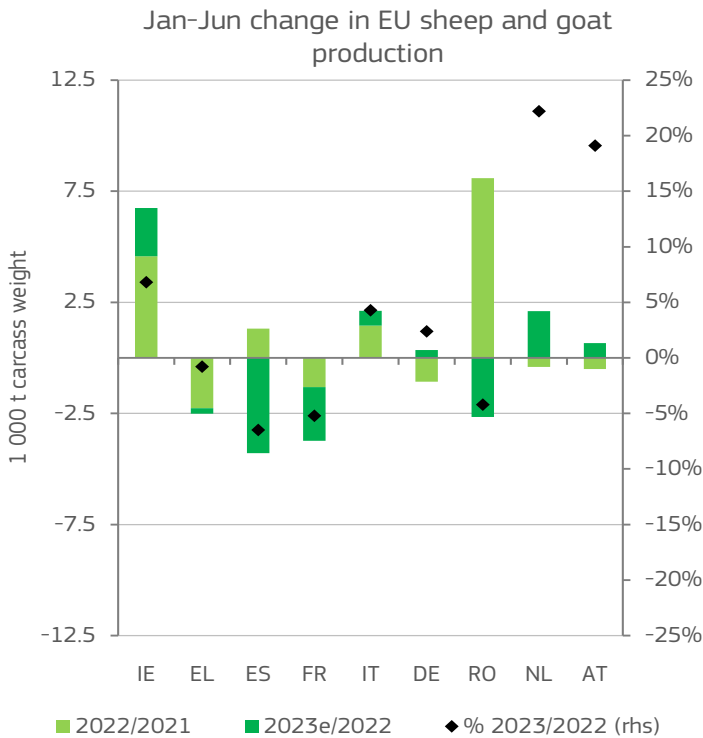


SHEEP/GOAT MEAT

EU SHEEP MEAT IMPORTS GROW AT A STRONGER RATE

EU sheep and goat production growth in spring, driven by an earlier timing of traditional religious celebrations, was overtaken by a subsequent negative development, leading to a decline of slaughterings in most Member States during the first half of 2023. EU sheep meat production is expected to suffer from a structural declining sheep flock, lower grass availability, especially in Mediterranean countries, higher costs for feed and the outbreaks of sheep pox in ES and recently in BG. Due to high goat milk prices, the sector is going through a retention phase of animals. Overall, a reduction of -1.8% in sheep and goat production may be expected in 2023, followed by a lower reduction in 2024 (-1%).

Being the most expensive type of meat, EU consumption of sheep meat is likely to suffer from inflationary pressures same as other red meat types, but in comparison it can be best favoured by its specific positioning within consumer baskets (religious festivities, cultural). Therefore, the EU per capita consumption could stay rather stable (+0.8%).



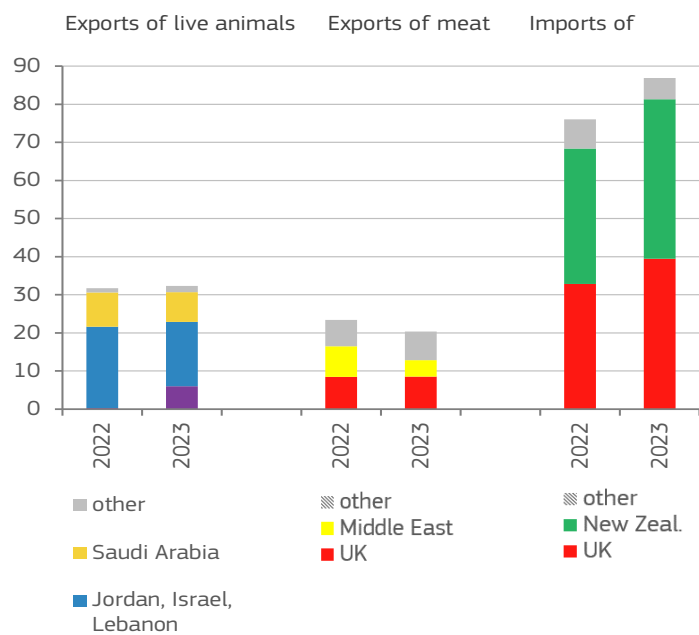
Source: DG Agriculture and Rural Development, based on Eurostat.

Jan-June EU sheep&goat trade by main partners (1 000 t)

ATTRACTIVE EU MARKET FOR IMPORTS

While EU sheep meat exports to the UK stayed stable, other major destinations like Oman, Qatar, and UAE, showed a significant decline, pushing exports down by -13.2% in the first half of the year. This is mainly due to relative high prices in the EU which makes the EU less competitive and keeps the produce on the domestic market. As this situation is not going to change in the short term, meat exports are revised downwards to -10% and recovering by 4% in 2024 if prices are easing, following three years of significant setbacks.

EU exports of live animals increased by 1.7% in Jan-June, despite high domestic prices. A leap forward in exports to Libya and Morocco in June 2023 compensated decreases to Jordan, Saudi Arabia, and Israel. Overall, exports of live animals are set to slightly grow by 1.5% for the whole 2023. The difficult transport situation through the Black Sea is a break. In 2024, a further decline of 3% is foreseen due to a gradually declining export potential. The future EU legislation on live animal transport is not yet taken into account. EU imports of sheep meat increased by almost 15% in Jan-June, coming from New Zealand and the UK. Overall, EU imports could reach a 10% increase this year and an additional 4.5% in 2024 due to high EU prices and sluggish Asian demand.



Source: DG Agriculture and Rural Development, based on Eurostat.

