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## KEY MESSAGES

**-0.6%**

EU beef production in 2022

**-5%**

EU pigmeat production in 2022

**+27%**

poultry price Jan-mid-Sep 2022  
year-on-year

**+10%**

EU sheep imports on the rise

## MEAT PRODUCTS

### HIGHLIGHTS

EU beef production is expected to decrease by 0.6% in 2022, due mainly to a structural adjustment in the beef and dairy sector, despite high beef prices. EU exports should decrease by 1%, due to record-high domestic prices and despite good export prospects to some existing high-value markets. EU imports from the UK and Brazil are on the rise.

Sustained high feed costs as well as African Swine Fever (ASF) continue preventing EU pigmeat production growth. While China is resuming pre-ASF import levels, some EU pigmeat exports find their way to the UK and other overseas destinations, despite high EU pigmeat prices.

EU poultry production growth continues to be limited by high input prices – especially feed and energy – and Highly Pathogenic Avian Influenza. In addition, very high EU poultry prices means relatively less competitive exports. On the other hand, the suspension of duties on products coming from Ukraine favours poultry imports.

Despite the historical low EU sheep and goat flock, slaughterings are not expected to go down in 2022 but large differences among EU countries exist. EU imports should resume in 2022 by 10% and another 4% next year, still below pre-COVID levels, leading to sustained high domestic prices. Trade should further resume in 2023.

# BEEF AND VEAL

## EU BEEF PRICES STAY AT RECORD LEVEL

The strong EU beef price increase, that started already half-way 2021, reached in May 2022 a level of almost EUR 500/100kg and continued at this high level during the next four months. This is more than EUR 100 higher compared to the average price in previous years.

In Jan-Jun, EU beef production declined by 0.6% year-on-year. The number of animals slaughtered increased by 0.4% but this was overtaken by a decrease of 1% on average in carcass weight. This could indicate a partly anticipation of slaughtering of the second half of 2022 to the first half. This aggregated decline though hides different dynamics among EU countries. FR and DE show clearly the effect of the decline in cow numbers over the years, resulting in a lower potential to slaughter animals. On the contrary, IT, ES and IE saw their cow numbers upward in the last years and can therefore slaughter more animals.

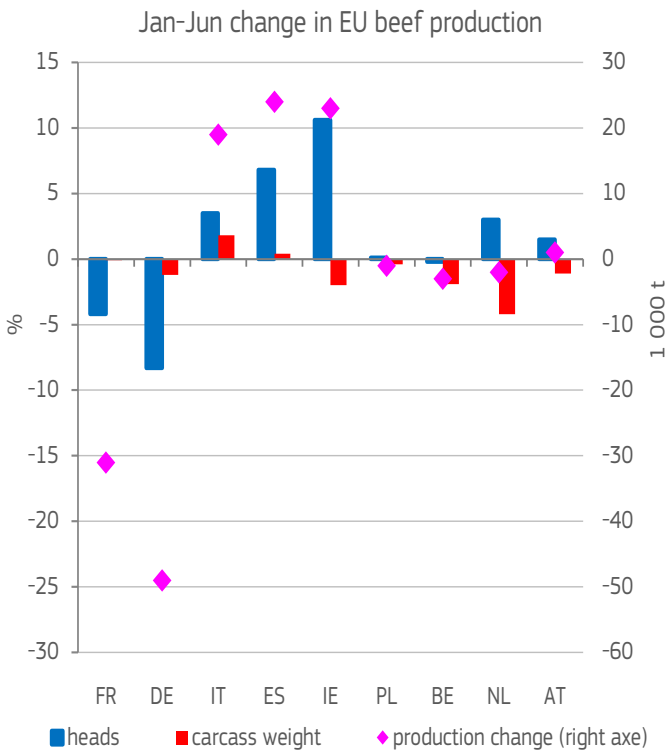
Continuing high feed prices and lower availability of forage may lead to additional slaughtering by the end of the year, similar to the high level in the second half of 2021. Therefore, overall production is expected to continue the declining path in 2022 by 0.6% and stabilise in 2023 if feed availability turns back to normal levels.

## EXPORTS TO HIGH-VALUE MARKETS IMPROVE, WHILE IMPORTS FROM THE UK ALMOST DOUBLE

In Jan-Jun, EU beef exports decreased by -2.4%<sup>2</sup> compared to the same period in 2021. EU shipments to certain high-value markets such as Canada (+28% in Jan-Jun), Japan (+22%) and UK (+18%) are doing very well despite the high EU prices. Other destinations such as Israel are also growing while Bosnia-Herzegovina (-10%), the Philippines (-18%) and Switzerland (-10%) are showing negative trends. Exports to Hong Kong are cut back by 84%, which started already before the price surge in the EU. For the whole year, EU beef exports are expected to decrease by 1%, constrained by limited domestic availability and the continuation of relatively high domestic prices and only slightly coming back in 2023.

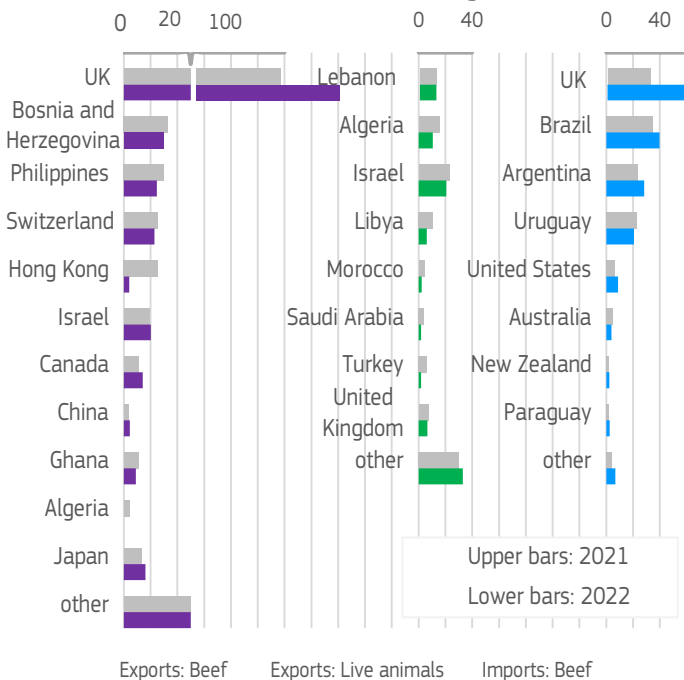
EU live exports declined by 16% in the period Jan-Jun 2022. Live trade with almost all major partners turned to red (Israel) or became even more red (Libya, Algeria, Morocco, Turkey). On the other hand, shipments to Jordan and newcomer Egypt are evolving positively. Overall, a decline of 15% is foreseen in 2022, depending on the level of the beef price. In the first half of 2022, the EU imported 32% or 42 000t more beef than in 2021, mainly driven by an almost doubling of imports from the UK. By the end of 2022, EU imports are expected to recover by 25% (after two years of lower imports) due to the reopening of foodservices in the EU, a faster recovery of exports by the UK and Brazil, and additional imports from Argentina.

<sup>2</sup> Export data for June 2022 to UK were adjusted



Source: DG Agriculture and Rural Development, based on MS notifications.

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



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



# PIGMEAT

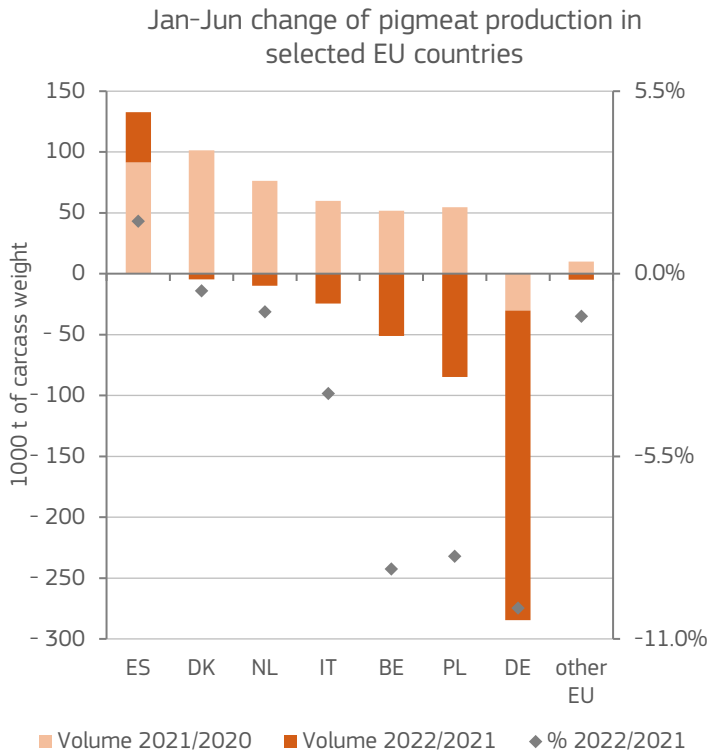
## SUSTAINED HIGH FEED COSTS AND AFRICAN SWINE FEVER TO PUSH PRODUCTION DOWN

EU pigmeat production is due to decrease by 5% in 2022. Among EU countries, DE, PL, BE, RO and IT are the most impacted, NL and FR to a lesser extent. African Swine Fever (ASF) is still taking a heavy toll on DE production (-10% in Jan-Jun 2022 year-on-year). Moreover, ES production growth (+1.6%) does not seem as strong as in 2021 (+3.7%).

Given the odds that input prices stay high in 2023 and that ASF continues triggering strong responses in affected countries, the EU pigmeat production is expected to decrease further slightly, by another 0.7%.

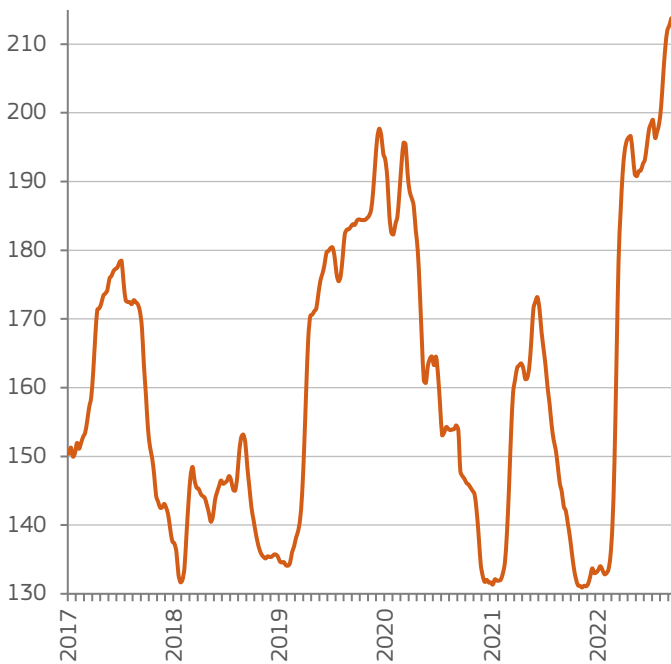
With high input costs, the pressure on margins is not fading away, which adds on top of an otherwise lack of attractiveness of this sector for young farmers.

EU pigmeat domestic use may decrease by 1.9% in 2022, averaging at 32.1 kg per capita. Expected to remain stable in 2023, EU domestic use would average at 32 kg per capita.



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

EU weekly pigmeat price classes E and S (EUR/100 kg)



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

## HIGH PRICES HAMPER COMPETITIVENESS ON WORLD MARKETS

Supported by strong demand and tight supply, EU pigmeat prices continue evolving fast at record levels: during mid-Jul-mid-Sep 2022, they were 28% above 2017-2021 average, year-on-year. This makes exported EU pigmeat relatively less competitive.

EU pigmeat exports to the UK are due to continue recovering (+5.3% in Jan-May 2022 year-on-year), whereas exports to China stabilise at 2017-2018 levels (-72% in Jan-Jun). To bring domestic pigmeat prices down and ease the market, the Chinese government released some pigmeat stocks. This move is not likely to mitigate the sharp reduction in EU exports to China.

EU pigmeat exports are being diverted to other destinations like Japan (+45% in Jan-Jun), the Philippines (+40%), the US (+35%) and Australia (+66%). Overall, EU pigmeat exports may decrease by 17% in 2022 and 3% in 2023.

EU pigmeat imports from the UK have not yet fully recovered: assuming a 30% increase in 2022, they would still be 29% below 2017-2019 average. Overall, EU pigmeat imports are expected to increase by 27% in 2022 and 17% in 2023.



# POULTRY

## 2022 PRODUCTION TO DECREASE AMID HIGH INPUT COSTS AND AVIAN INFLUENZA

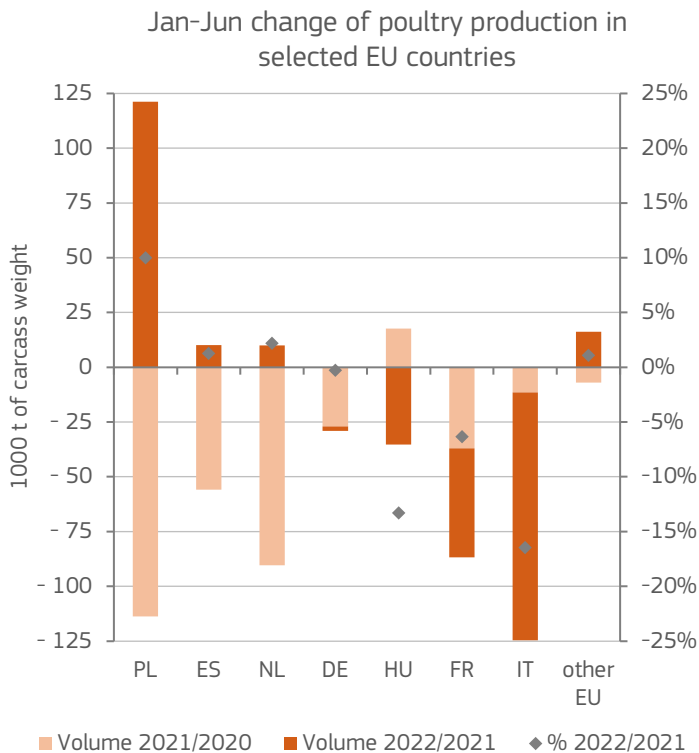
EU poultry production is supported by the relative affordability of this meat – especially in times of high inflation, as well as by the relaxation of COVID-19-related measures – effectively unleashing demand from foodservice. Despite relatively good demand, only moderate growth is expected in major producing EU countries, due to high input costs: PL, ES and DE (together +4.6% in Jan-Jun 2022 year-on-year).

Highly Pathogenic Avian Influenza (HPAI) has had devastating effects on the sector in some other EU countries, where the production is expected to decrease severely, especially IT, FR and HU (together -11%).

The sector heavily depends on maize as a source of feed, with a poor 2022 harvest but availability of volumes to be imported from Ukraine.

Overall, the EU poultry production is due to drop slightly by 0.9% in 2022 and 0.4% in 2023.

EU poultry domestic use is expected to increase slightly in 2022, by 1.1%: it is likely to remain stable at 23.4 kg per capita. In 2023, EU domestic use may remain stable, averaging at 23.3 kg per capita.



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

## DUE TO HIGH PRICES EU POULTRY EXPORTS STRUGGLE

The combination of strong demand, tight supply, high input costs and overall inflation have been leading to strikingly high poultry prices, well above 2017-2021 average (+38% in mid-Jul-mid-Sep, year-on-year).

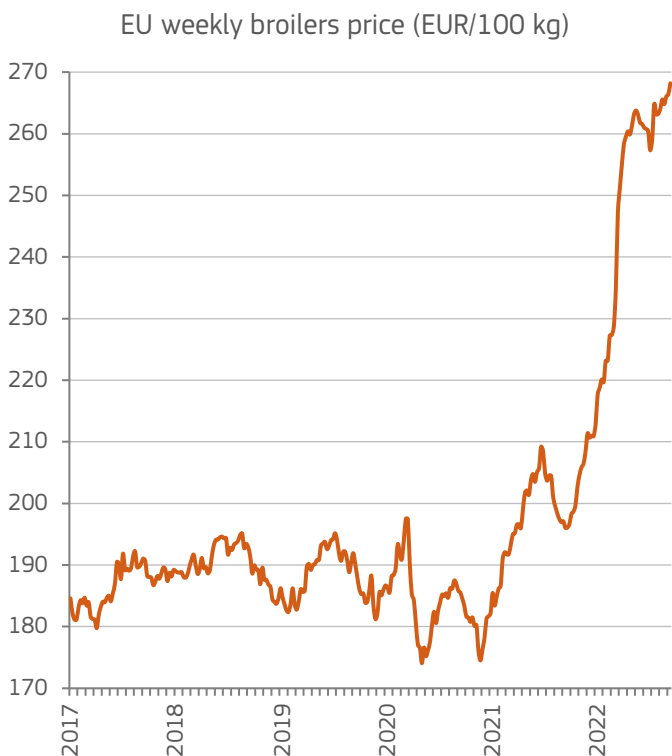
EU poultry exports to the UK are due to increase by 20% in 2022 (4% above 2017-2019 average). On the other hand, high EU prices help competitors like Brazil gain some EU market shares, especially in Africa and in Asia.

Overall, EU poultry exports are expected to decrease by 2.2% in 2022 and remain almost stable in 2023.

This shift of destinations makes the divide between volumes and value traded wider, due to different preferences amongst EU partners, the UK importing more valuable cuts.

Highly competitive Brazil is expected to export to the EU 35% more poultry in 2022. Imports from the UK fluctuated in the recent months and may increase by 10% (15% below 2017-2019 average). Benefitting from a suspension of duties, Ukraine is already exporting to the EU higher volumes than in 2021 and that trend is set to continue until the first half of 2023.

Overall, EU poultry imports are expected to increase by 29% in 2022 and 7.7% in 2023.

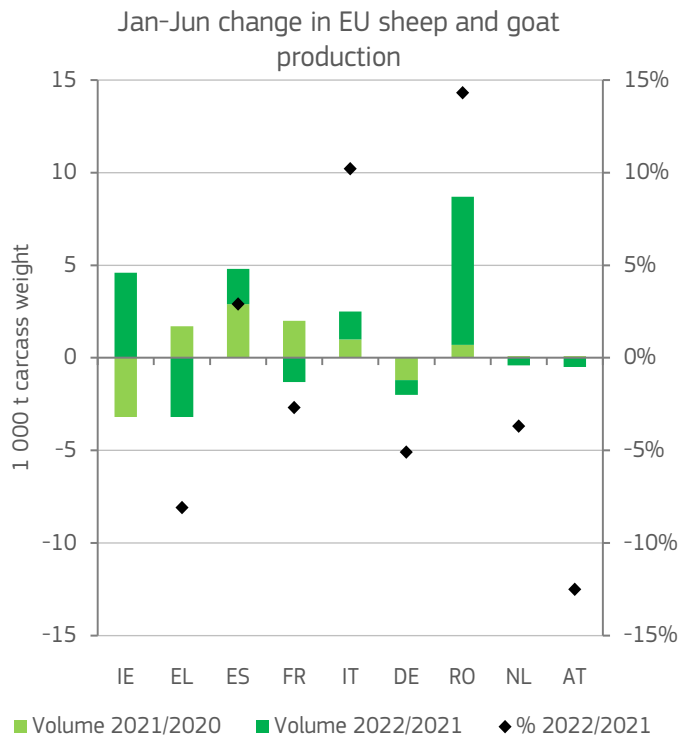


Source: DG Agriculture and Rural Development, based on MS notifications



# SHEEP/GOAT MEAT

## STABLE SHEEP AND GOAT MEAT PRODUCTION



Source: DG Agriculture and Rural Development, based on Eurostat

EU heavy lamb prices in 2022 remain at unprecedented high levels, fluctuating between EUR 700 and EUR 750/100 kg. After the decline in the beginning of the year, prices reached again record levels during Easter until the beginning of July, followed by a slight decline. The main reason for this high price level is the low domestic supply against a sustained demand in the EU.

In the period Jan-Jun 2022, EU sheep and goat slaughterings were up 2.7% year-on-year, despite a decreasing flock. This increase is mainly driven by IR and RO (lamb slaughterings in April).

The substantial reduction of the flock over the years limits production increases in certain EU countries, despite favourable prices. On the other hand, high feed prices and lower availability of forage may favour some additional slaughterings and lighter slaughter weights. Overall, a slowdown in slaughterings is expected in the second half of 2022, resulting in a small production increase of 0.5% by the end of 2022, which is likely to contribute to sustained high domestic prices.

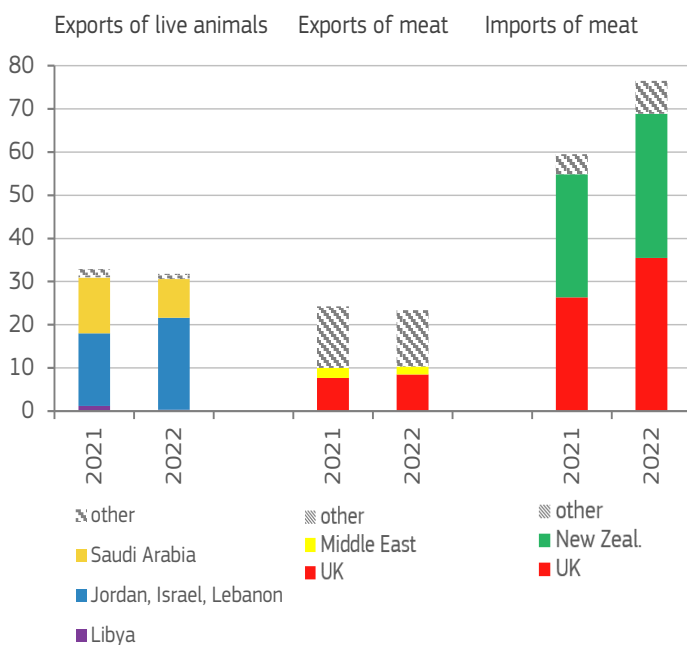
## HIGH DOMESTIC PRICES LIMIT EXPORTS IN 2022

EU sheep meat exports decreased by 3.7% in the first half of 2022 compared to the same period last year. A shortage in domestic supply, continuing trade frictions with the UK and relatively high EU prices are expected to push exports 3% downward in 2022 and stabilise at lower level in 2023.

EU exports of live animals decreased in the same period by -3.4%. All main destinations are recording decreases, except Jordan and Israel, the latter confirming its position as a new outlet for live exports. RO is expected to further redirect part of its excess live animals to EL and BG due to the very remunerating prices instead of exporting them to non-EU countries. Overall, exports of live animals are set to decline by 5% in 2022 due to high domestic prices and the difficult transport situation through the Black Sea.

EU imports of sheep meat continued increasing in Q2 2022 and registered in total 28% more imports in the first half of 2022. Shipments from the UK to the EU recorded a recovery of 34%, while imports from New Zealand also increased momentum by 17% (or + 4 875 t) despite the high shipping costs and the close-by Asian markets. Assuming no change in trade frictions with the UK, EU imports could reach 10% increase this year and an additional 4% next year.

EU sheep&goat trade by main partner (Jan-Jun, 1 000 t)



Source: DG Agriculture and Rural Development, based on Eurostat

