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## KEY MESSAGES

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**-1.4%**

EU beef production in 2021

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**+26%**

EU pigmeat exports in Q1 2021  
year-on-year

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**+15%**

EU broiler price in weeks 17 to 24  
2021

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**-1.2%**

sheepmeat availability in the EU

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## MEAT PRODUCTS

### HIGHLIGHTS

EU beef production is expected to decrease in 2021, mainly due to a reduction of cow herd in the beef and dairy sector combined with lower demand from food services. Exports to high-value markets should continue to increase thanks to recent trade agreements (e.g. Canada, Japan) and while other destinations show a small decline, despite the shortage of beef at world level.

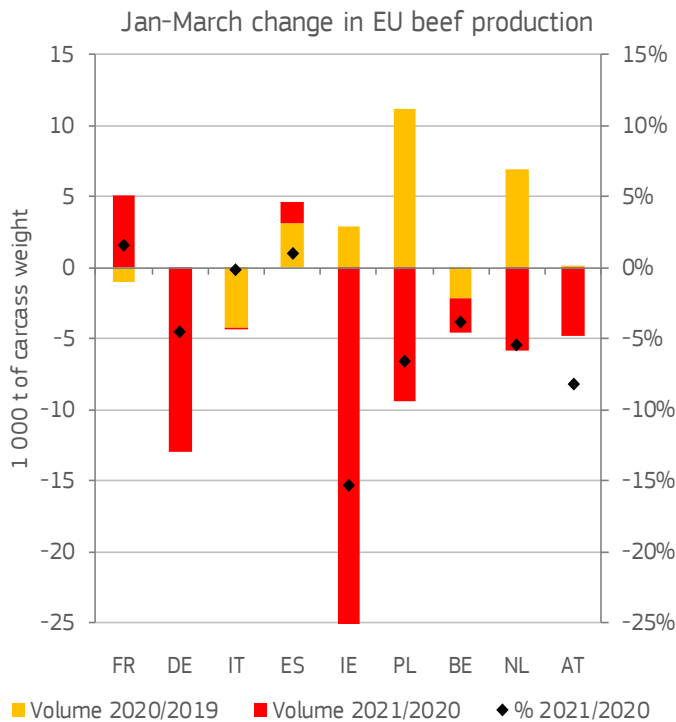
EU pigmeat production is expected to continue increasing in 2021, as additional production in some EU countries more than compensated the decrease due to ASF in DE. Although the exports to UK are strongly reduced, overall EU pigmeat exports should grow again in 2021.

As AI hits major EU poultry producers including PL, EU production is expected to decrease in 2021. Demand is not expected to rebound sharply with the reopening of foodservices and overall exports should decrease. Despite high prices, margins are under pressure because of high feed costs.

The EU sheep meat market faces strong global and domestic supply shortages (EU production being stable), leading to relatively high prices. Exports from New Zealand are partly redirected to Asia, while facing at the same time higher shipping costs. The current trade situation between the EU and the UK adds downward pressure on exports and imports.

# BEEF AND VEAL

## EU BEEF PRODUCTION CONTINUES DECREASING IN 2021



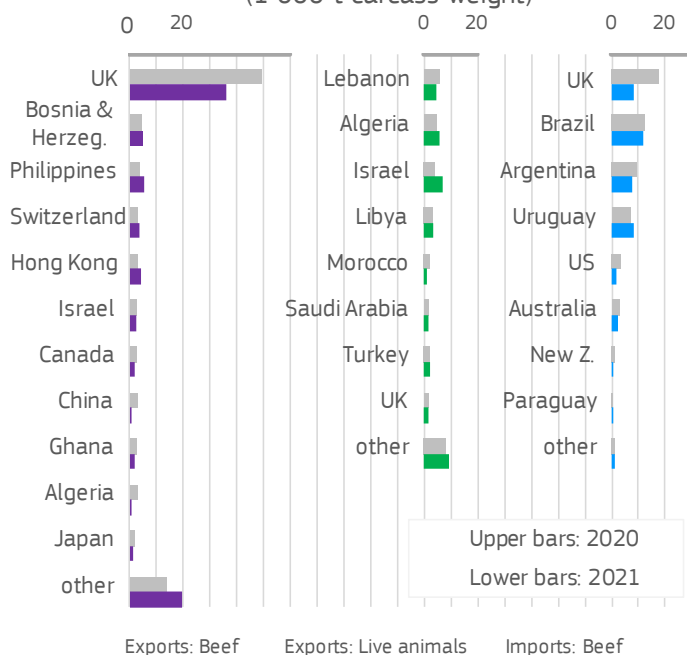
Source: DG Agriculture and Rural Development, based on Eurostat.

In Q1 2021, EU beef production declined by 3.7% year-on-year in volumes. The main contribution to this decline came from IE (-15.4% or 26 000 t). This was mainly due to the uncertainties around the management of the border between the UK and IE after the UK left the single market, and the anticipation of potential tensions that led to a higher production at the end of 2020. Beef production in DE showed a reduction of -4.6% (13 000 t) in Q1, reflecting as in many other EU countries structural adjustments in the sector, the continuing COVID-19 measures and a low demand from foodservices. In FR, on the contrary, the production increased by 1.5% (14 000 t), mainly due to a significant increase of slaughterings in March 2021 compared to the same period last year. Increasing demand is at the basis of this evolution.

The overall economic situation is gradually improving, and so should it be for the beef sector, with the decline in beef production projected at only -1.4% in 2021.

The declining trend of apparent consumption may continue in 2021 (-1.1%), despite the expected recovery of demand in Q3 and Q4, assuming a progressive reopening of restaurants and return of tourism.

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



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

## RECOVERY OF IMPORTS AND EXPORTS IS EXPECTED

There is currently a short supply of beef on the international market. Australia and Brazil are restocking and therefore have less beef available for export. Argentina suspended several times its export licences and Indian slaughterhouses are impacted by COVID-19 measures. Only the US seems to keep the pace. Despite this situation, EU beef exports decreased by 10% in Jan-March, mainly driven by the drop in exports to the UK (-23 000 t). Trade between the UK and the EU is still facing administrative and logistical challenges (certification requirements and grouping of confinements). The atypical BSE-case in IE recorded in May 2020 reduced the exports to China significantly. On the other hand, exports to certain high-value markets such as Hong Kong, Norway, Saudi Arabia and the US keep growing. Therefore, a small increase is expected on an annual basis in 2021 (+1%).

Imports in Jan-March are still down (-13%), due to the drop in demand in the EU related to foodservices' closure and the shortage of beef on the world market. The UK and Brazil redirected their shipments to the Asian markets. EU imports are expected to recover by 8% in 2021 driven by the gradual reopening of foodservices in many EU countries.



# PIGMEAT

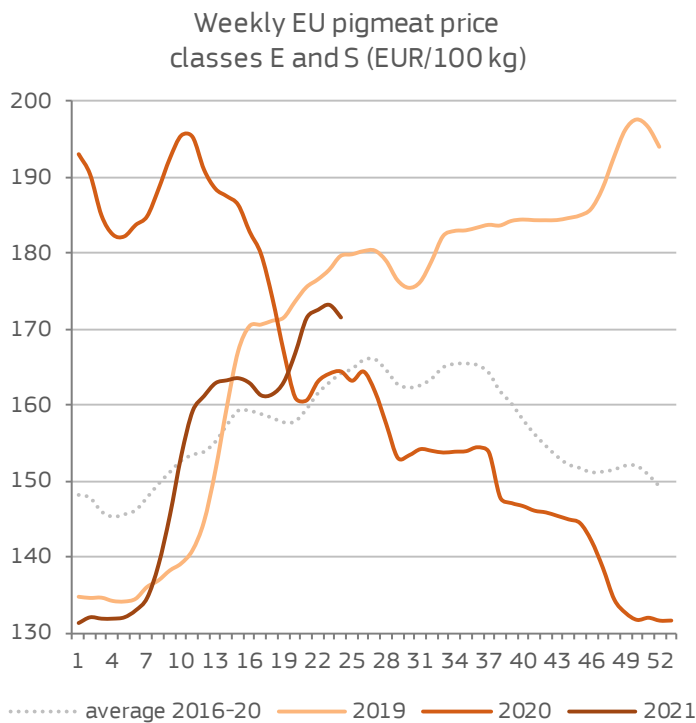
## EU PRODUCTION TO CONTINUE INCREASING

The increase of the EU pigmeat production is expected to slightly accelerate in 2021, with an annual growth of +1.7%. The steady trend towards heavier animals continues (+1 kg annually on average since 2016) and some slaughtering were transferred from 2020 to 2021.

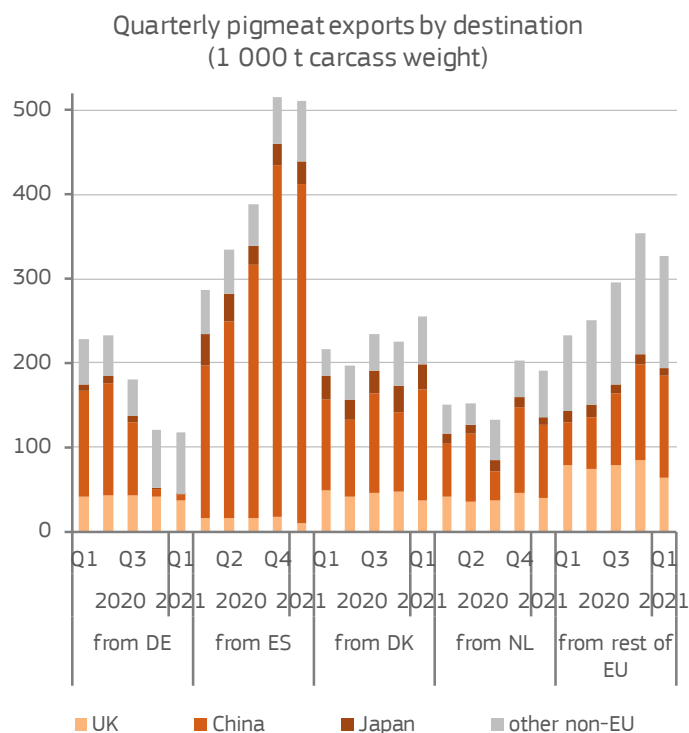
Additional production in BE, DK, ES, FR, IT, NL and PL should largely compensate the slight decrease of the DE production due to ASF (-3%). The strongest production increase is projected in DK, with lower live exports to DE and a relatively high number of young pigs in 2020.

Prices surged in Feb-March and again in May-June, reaching more than EUR 170/100 kg early June, thanks to sustained demand from the domestic market and for export, especially to Asia. These high prices should mitigate the pressure on producer's margin due to particularly high feed costs.

Apparent per capita consumption may increase slightly, reaching 32.5 kg in 2021 (+0.7%/2020).



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



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

## STRONG MEAT EXPORTS DESPITE BREXIT

The impact of UK leaving the EU is lower on EU pigmeat exports to the UK (-17% in Q1 2021 year-on-year) than on imports from the UK (-52%) and is stronger on EU pigmeat trade than that of ASF. Overall, EU pigmeat exports are expected to continue increasing in 2021 – albeit at a slower pace than in the last two years (+5%). EU pigmeat imports could increase by +1% in 2021.

New ASF outbreaks in China are slowing down the rebuilding of the herd. Despite the fall of Chinese prices compared to pre-COVID-19 levels the Chinese market is still profitable for EU exporters. China should remain the main destination for EU pigmeat exports in 2021. China also imports from the US, and increasingly from Brazil where the OIE recognised late May 2 of the 3 biggest producer states as “free from FMD without vaccination.”

While DE, one of the biggest EU pigmeat exporters, lost access to most Asian markets because of ASF, other EU exporters were able to fill the gap by increasing their exports.



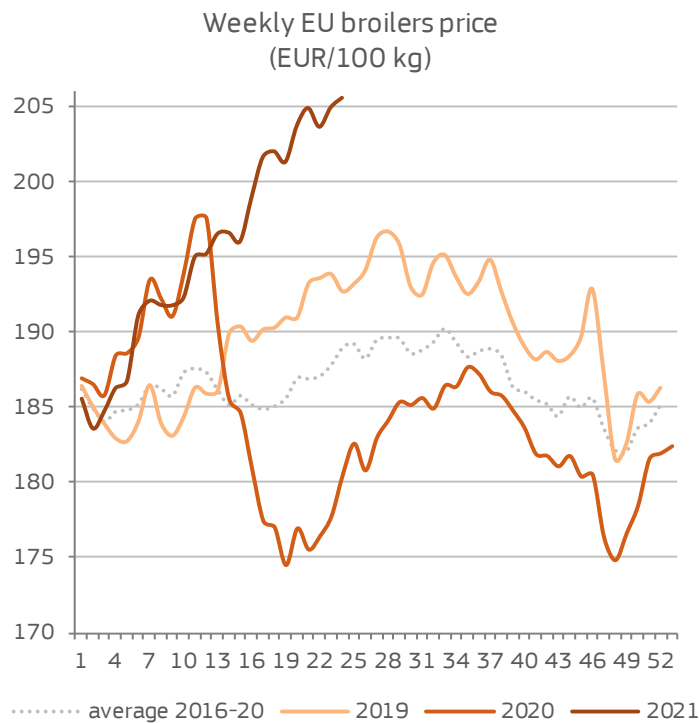
# POULTRY

## SLIGHT DECREASE OF PRODUCTION

The EU poultry meat production is expected to decrease slightly in 2021 (-0.9%). The widespread AI outbreak that hit 18 EU countries continues to hinder the production in major producing countries, notably PL (the largest EU poultry producer). While the overall production impact in terms of birds culled remains limited, the epizootic affected also breeder farms, making production recovery challenging. Importantly, AI-related bans restrict export prospects for poultry meat which led the EU poultry chain to cut production markedly in Q1 2021 (-4.4% year-on-year).

EU domestic demand is expected to increase with the reopening of foodservices. Frozen stocks should partly satisfy that extra demand. Hence, the apparent consumption is expected to remain almost stable, moving by only -0.1% in 2021, to reach 23.7 kg per capita.

As a result of low supply combined with low imports and increasing demand, the EU broiler prices reached exceptionally high levels in Q2 2021 (+8%/5-year average), at more than EUR 200/100 kg early June. Despite high prices, producers are under pressure, with feed costs rising even quicker.



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

## SHRINKING MEAT EXPORT PROSPECTS

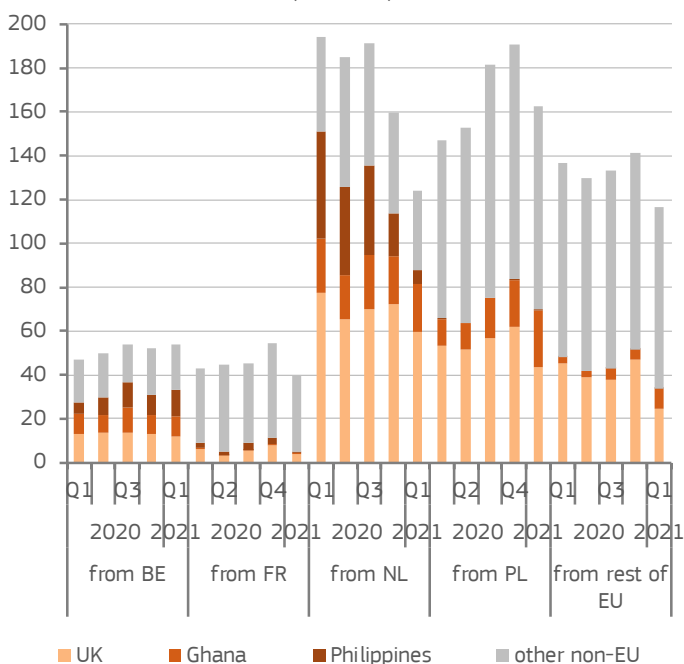
The EU poultry meat imports are expected to remain stable in 2021 after a sharp decline in 2020 and in Q1 2021. All major EU suppliers were concerned: Brazil targeted more attractive markets (e.g. China) while more than 20 Brazilian establishments were delisted and could not ship poultry to the EU; imports from Thailand are only slowly recovering while imports from Ukraine were constrained by AI-related restrictions in Q1 2021.

EU poultry meat exports are expected to continue decreasing in 2021 (-5%). The seasonal AI outbreak finally fades away but ensuing export restriction still hamper EU exports. That situation is likely to persist throughout 2021, as AI-related bans may be lifted only gradually.

The UK imports of EU poultry meat dropped by -29% in Q1 2021 despite border checks not yet enforced. On the other hand, full-fledged SPS checks of UK exports to the EU - applied since January - led to a fall by -40% in Q1 2021.

EU live exports of day-old chicks surged in April 2021. 50% went to Ukraine, where the production issues are believed to be temporary. Overall, live exports are expected to reach again 2015-2019 levels in 2021.

Quarterly poultry exports by destination (1 000 t)

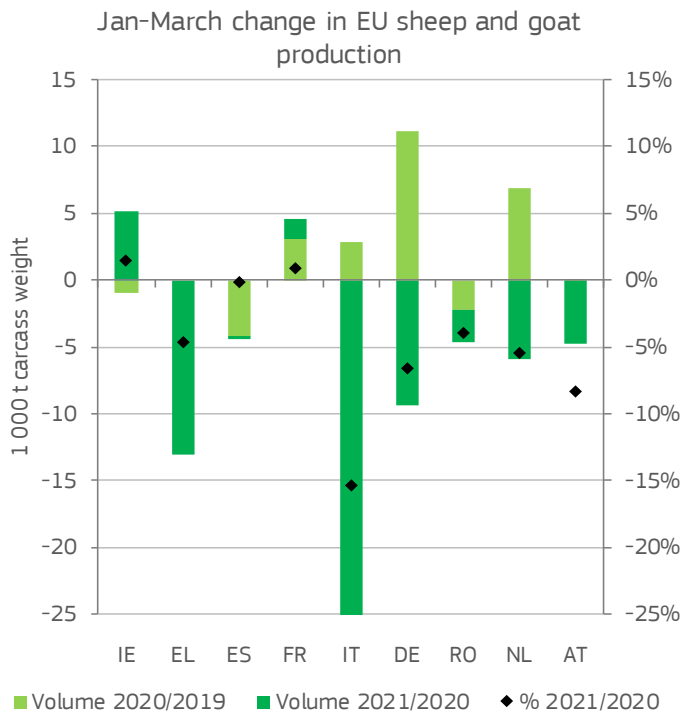


Source: DG Agriculture and Rural Development, based on Eurostat.



# SHEEP/GOAT MEAT

## SHEEP AND GOAT MEAT PRODUCTION STABLE IN 2021



Source: DG Agriculture and Rural Development, based on Eurostat

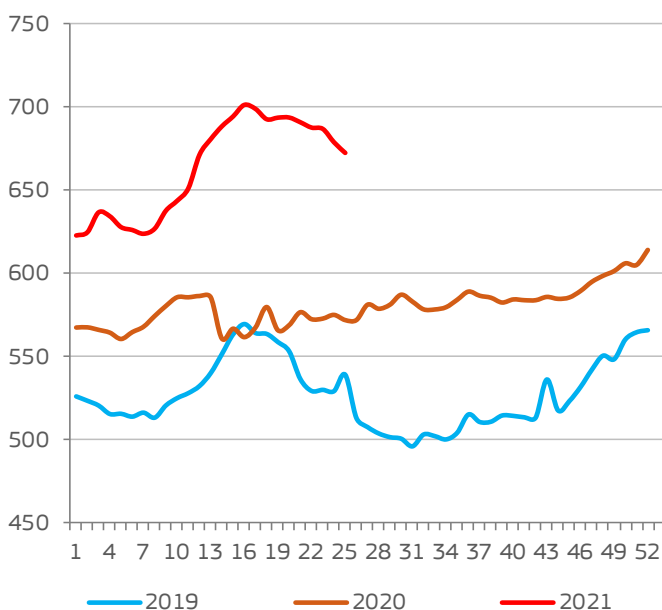
EU sheep and goat meat production increased by 8.6% in Q1 2021 (only counting slaughterings in slaughterhouses). Due to the seasonal character of sheep and goat slaughterings and the changing dates of religious festivities, this production increase should be taken with caution.

Nevertheless, the relatively high sheep prices since the beginning of the year favour indeed more slaughterings, especially in FR, ES and IT. On the other hand, production in IE faces a challenging time with the uncertainties related to the trade relationship with the UK, while the decline in EL is mainly due to structural herd adjustments.

Despite these favourable prices, the structural decline of the EU flock size will limit any substantial increase of slaughterings in 2021. EU production is therefore stable, with a 0.1% increase.

The reopening of foodservices should have a positive effect on the demand in the second half of 2021.

Weekly EU heavy lamb price (EUR/100 kg)



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

## TRADE LIMITED BY SUPPLY SHORTAGES AND INCREASED LOGISTICAL COSTS

EU sheep meat exports are heavily affected by the trade relation with the UK. The current high domestic prices and supply shortage also keep the produce within the EU. During Q1 2021, sheep meat exports went down by 14%, despite the substantial higher volumes to Switzerland (+15%). Export markets in the Middle East showed positive and negative evolutions. Overall, a decline of 5% in EU exports is expected by the end of 2021.

In contrast, exports of live animals increased by 32% in Q1 2021, driven by higher demand mainly from Saudi Arabia and to a lesser extent from Israel. Fewer animals were shipped to Libya and Lebanon. Exports of live animals are set to stabilise in 2021 due to the sustained demand in the Middle East and limited domestic supply.

Imports of sheep meat were down by 21% in Q1 2021 due to lower shipments from the UK and New Zealand. Imports from New Zealand went down by 23% due to higher shipping costs and the attractiveness of the Asian market. The relatively high EU prices should give some scope for additional imports in the second half of the year, leading to a decrease in imports of only 8% in 2021.

