

Reputation group

HORIZON – Opportunities for the sheep sector

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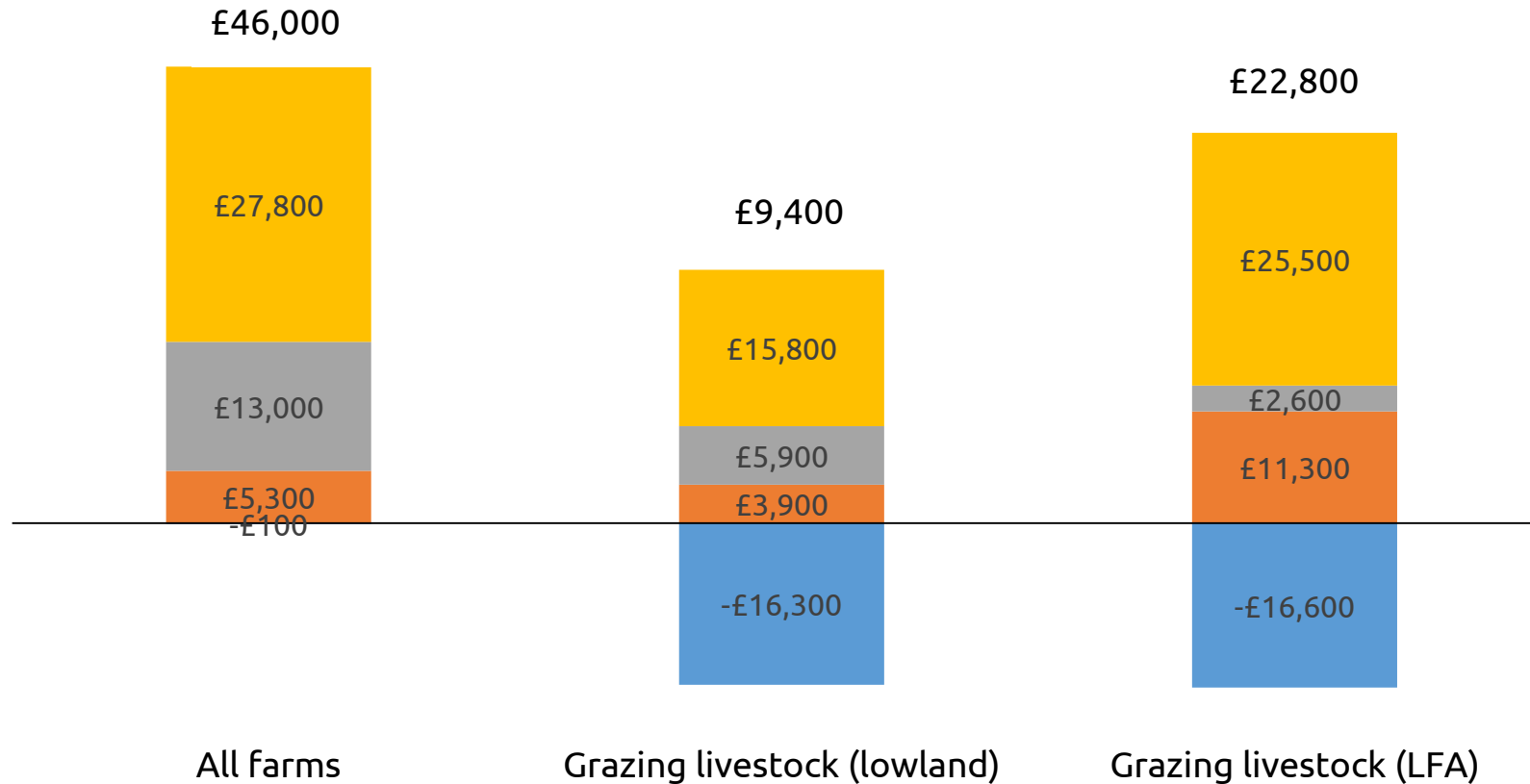
Introduction

- Sheep sector had high exposure to risks associated with EU exit
- Relief following announcement of UK-EU trade deal and buoyancy created by high market prices.
- Changes on the horizon around trade, policy and consumer demand. Aim to provide evidence based analysis.
- Share analysis with group



Agriculture policy – in England

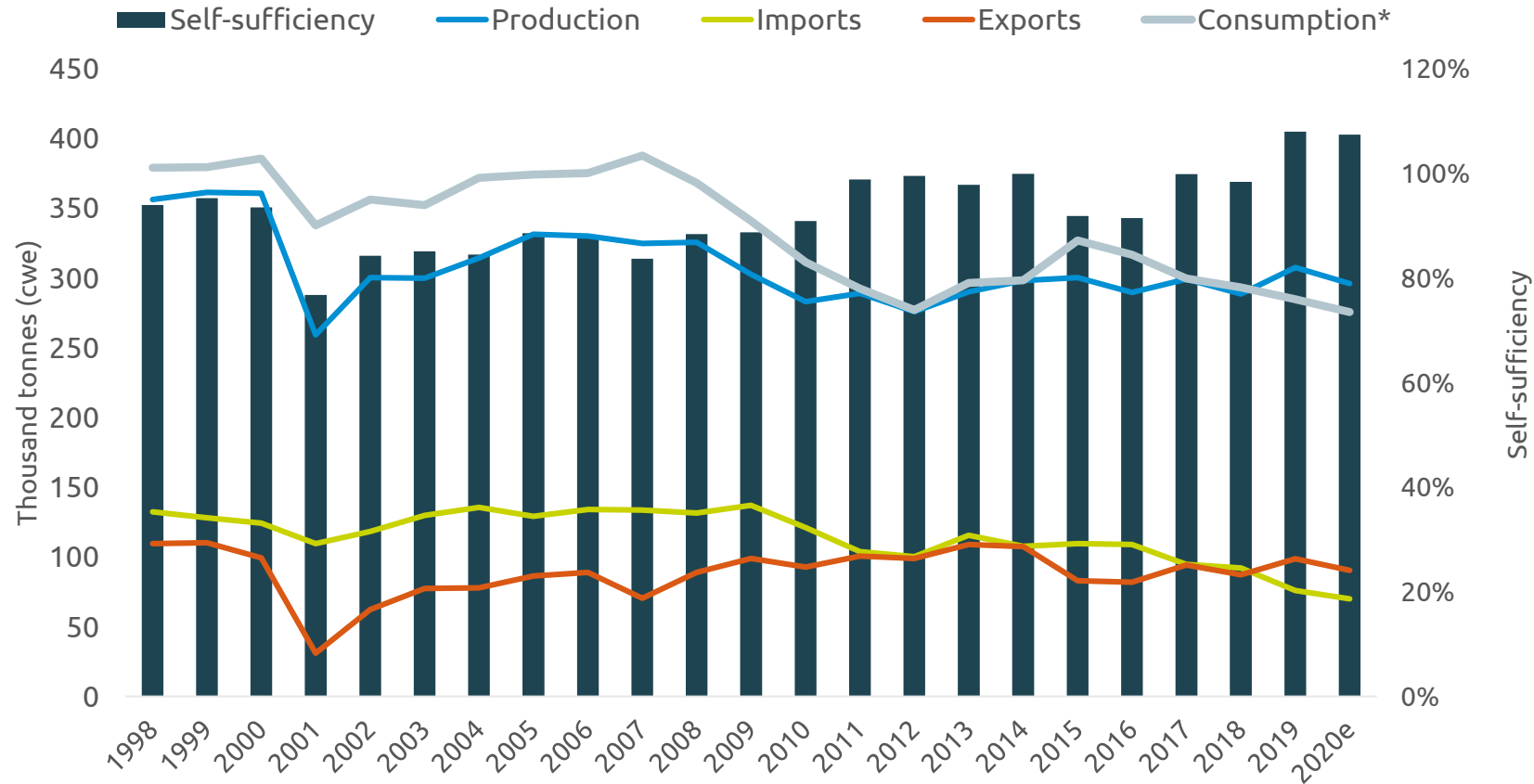
■ Agriculture ■ Agri-environmental payments ■ Diversified income ■ Basic payment scheme



- Phasing out of basic payment scheme
- Average livestock farms loss making when basic payment scheme income is removed
- New Sustainable Farming Incentive pilot payment rates published

Trade

UK sheep meat balance

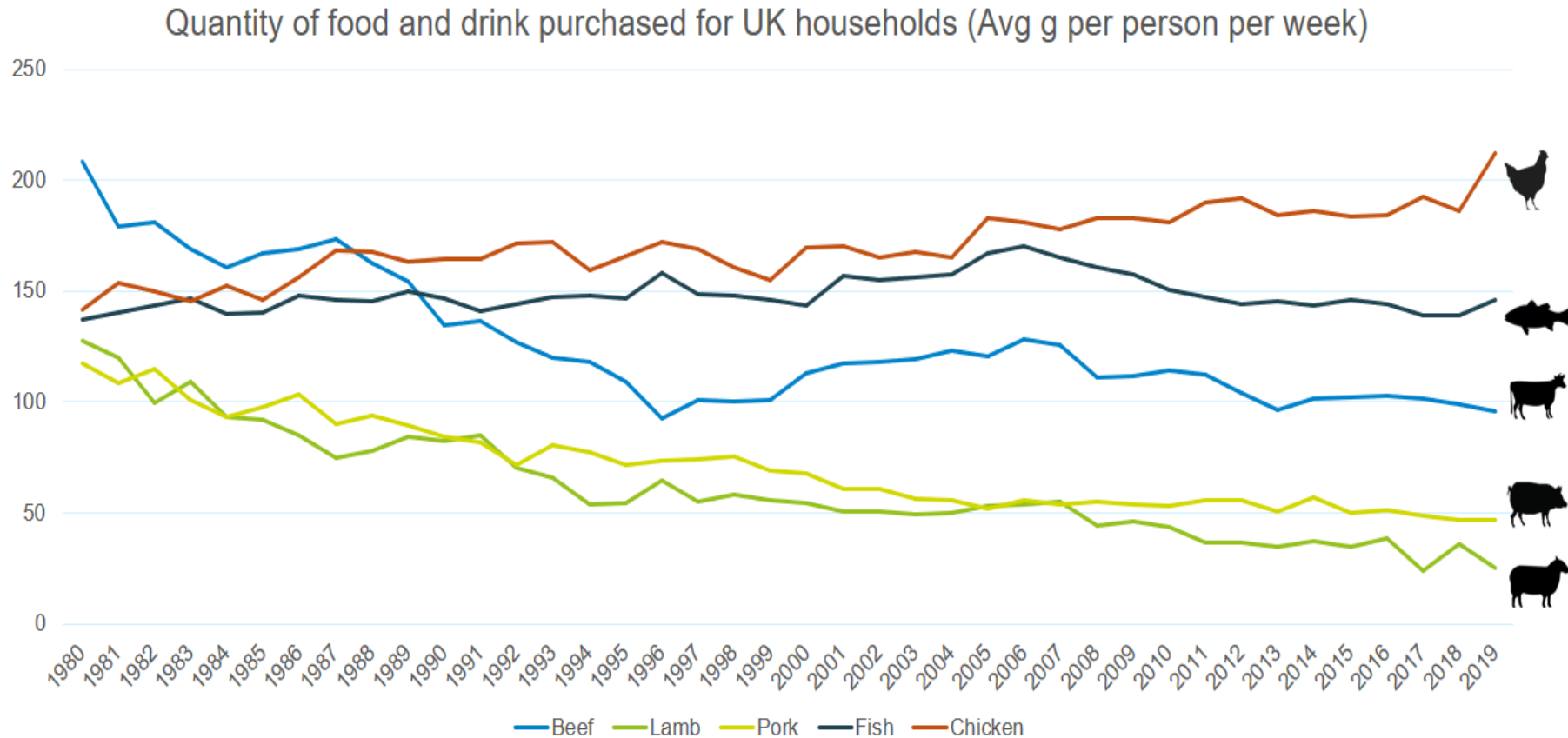


Source: Defra, IHS Maritime and Trade - Global Trade Atlas®, AHDB

*supplies available for consumption (calculated)

- Globally, 3rd largest exporter and 4th largest importer
- Seasonal pattern
- Mainly legs imported (from NZ)
- Mainly carcasses exported (to EU)

Domestic demand



- Over index for older groups and Muslims
- Rise of dish based cuisine
- Average price £9.49 (£/kg)

Consumer perceptions



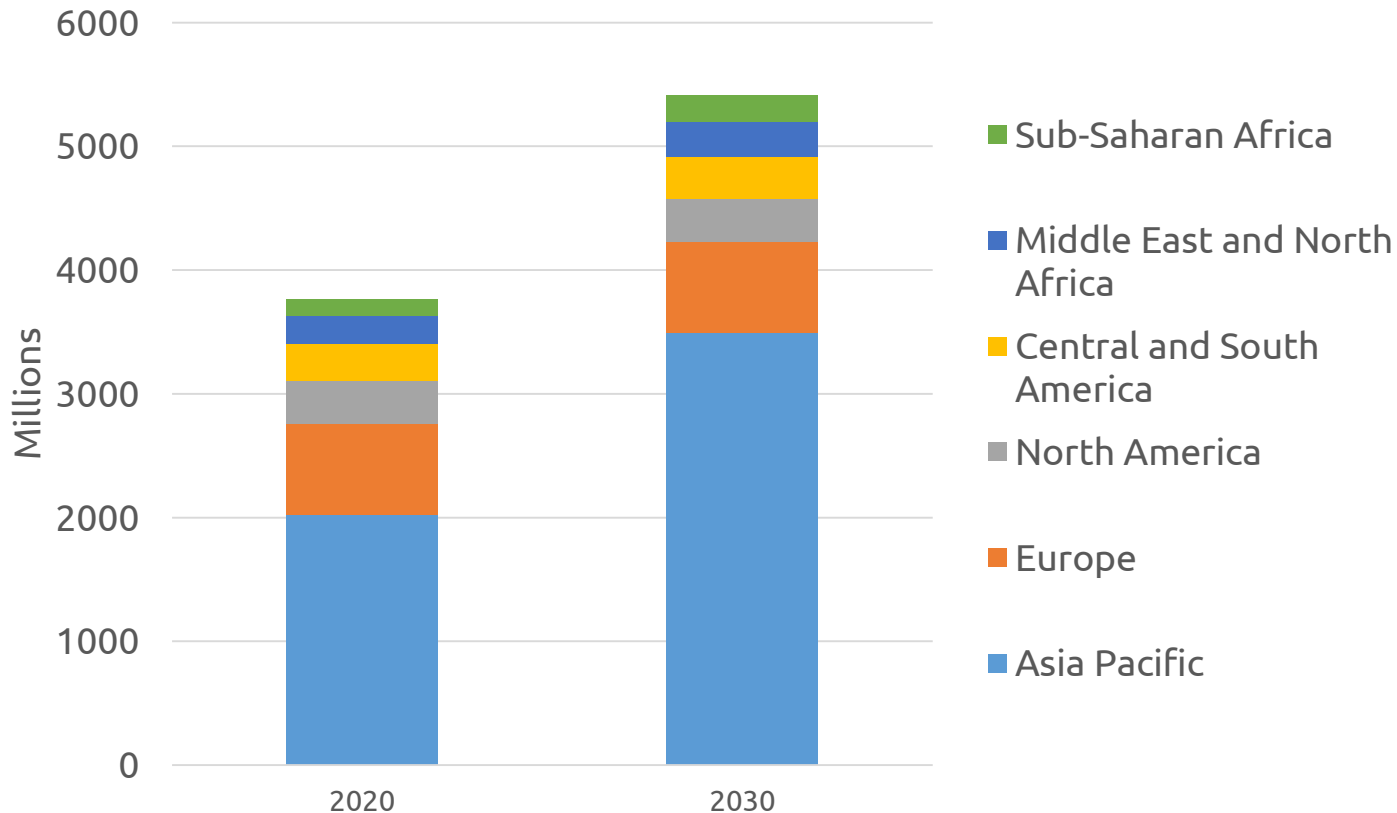
Strengths

- Tasty
- 'Good source of protein'

Weaknesses

- Low % 'good for you'
- Fatty
- Low % versatile
- Not environmentally friendly

Global demand

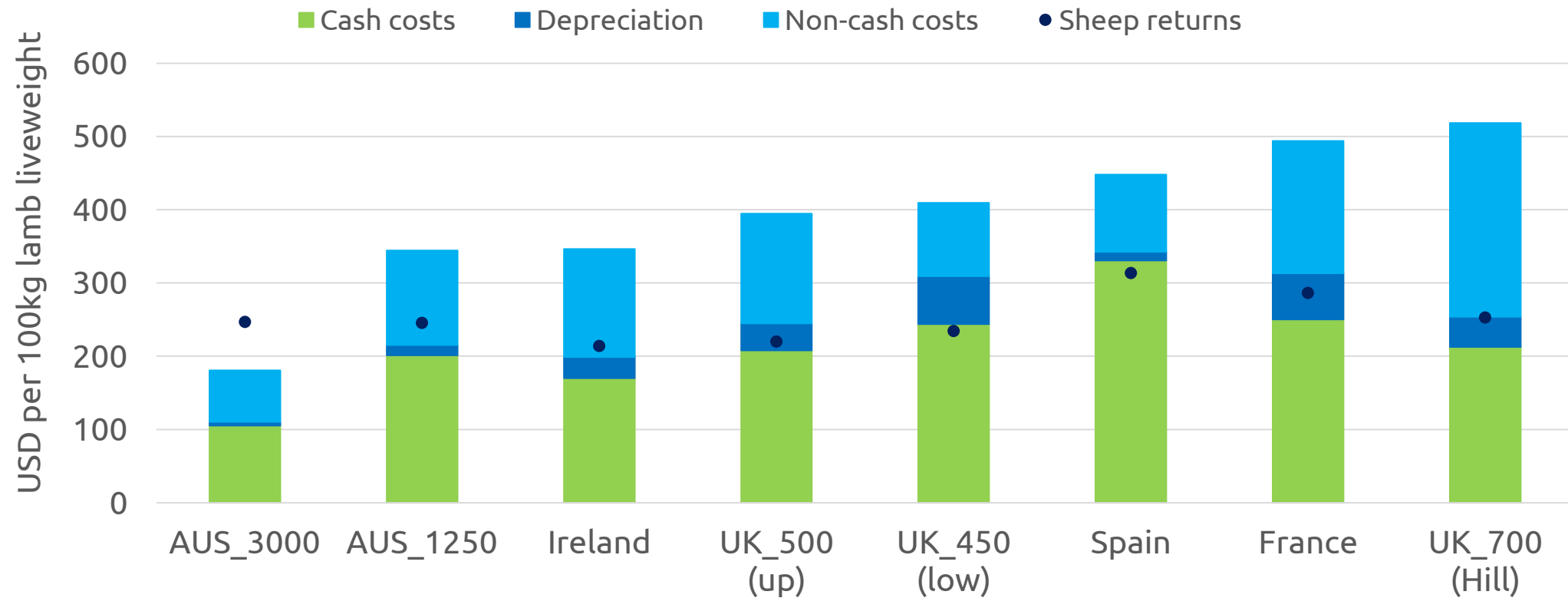


- 40% middle class consumer growth
- Expected global growth in lamb demand around 2% per year
- Market access issues – especially Asia Pacific and USA
- Preferential access through trade deals

Size of the global middle class, Kharas (2017)

International competition

Typical farm lamb production costs and output 2019



Source: agribenchmark 2019

What next?

- Happy to go through this work in more detail if desired
- US trade report launched tomorrow
- Future work around new trade deal modelling and sustainable farming incentive (SFI)



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